

Report of the Commission on the Foreign Service Personnel System

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Members

COMMISSION ON THE FOREIGN SERVICE PERSONNEL SYSTEM

John M. Thomas, Chairman	<i>Former Assistant Secretary of State for Administration</i>
Alfred L. Atherton, Jr.	<i>Former Director General, Ambassador to Egypt, and Assistant Secretary of State</i>
M. Graeme Bannerman	<i>Former Staff Director, Senate Foreign Relations Committee</i>
Ersa H. Poston	<i>Retired Vice Chair, U.S. Merit System Protection Board; Former Member, International Civil Service Commission; and Former President, New York State Civil Service Commission</i>
Pat L. Schittulli	<i>Civilian Personnel Director, U.S. Air Force</i>

Mandate

The 1988-89 Foreign Affairs Authorization Act directed the Secretary of State to appoint, in consultation with the Senate Foreign Relations, House Foreign Affairs, and House Post Office and Civil Service Committees and the exclusive employee representative organizations, a five-member Commission to review the Foreign Service personnel system.

The Authorization Act directed the Commission to:

conduct a study of the Foreign Service personnel system, with a view toward developing a system that provides adequate career stability to the members of the Service.

The legislative history of the amendment indicated that Congress intended "career stability" to be interpreted in the broadest possible way. The Commission was to address the range of personnel issues that impact upon the ability of the Foreign Service to conduct United States foreign policy.

In approaching the fulfillment of their mandate, the Commissioners have not equated "career stability" with "lifetime career security." Rather, they have determined that a Foreign Service career should be governed by a personnel system that (1) is predictable, stable, and consistent and (2) is fair and equitable and provides members of the Service an opportunity for professional satisfaction and meaningful public service.

In considering the overall mission of the Service, the Commission took as its definition Title I, Chapter 1, Section 101 of the 1980 Foreign Service Act, which provides:

- that a career Foreign Service is essential in the national interest to assist the President and the Secretary of State in conducting U.S. foreign relations;
- that the scope and complexity of foreign affairs have heightened the need for a professional service that will serve the interests of the United States in an integrated fashion;
- that the Foreign Service must be preserved, strengthened, and improved in order to carry out its mission effectively in response to the complex challenges of modern diplomacy and international relations; and,
- that the members of the Service should be representative of the American people; aware of the principles and history of the United

States; informed of concerns and trends in American life; knowledgeable of the affairs, cultures, and languages of other countries; and available to serve in assignments throughout the world.

Finally, the Commission has taken note of and welcomed recent remarks by Secretary Baker:

. . . our diplomacy requires highly trained professionals, whose skills are up to the task of developing and executing programs and policies suited to the times. . . . The President and I recognize and we appreciate and value the contributions that Foreign and Civil Service professionals have made to the foreign policy of the United States of America for many, many generations. They carry on the tradition of those who have made post-war United States foreign policy an amazing success story. We also understand, I think, the deep reservoir of talent, of experience and wisdom that is available in this building as well as in our embassies, consulates, and missions abroad. . . .

Executive Summary

The 1988–89 Foreign Affairs Authorization Act established a five-member commission to review the Foreign Service Personnel System. The enactment of this legislation resulted from concerns that the Foreign Service personnel system was not producing and retaining the numbers of individuals with the requisite skills to best advance American national interests.

The Commissioners met with Congressional members and staff; State, Agency for International Development, United States Information Agency, Foreign Agricultural, and Foreign Commercial Service managers; employee representative groups; groups of employees; and individuals. In addition, they solicited the views in writing of Foreign Service personnel stationed overseas. The Commissioners also met with Secretaries of State Vance, Shultz, and Baker and other individuals concerned with the Act of 1980 and the Foreign Service in general. Finally, the Commissioners familiarized themselves with the mission of the Foreign Service as set forth in Title I of the Foreign Service Act of 1980, which affirms the importance of a career Foreign Service to the national interest.

The Commission concluded that there are failings in the Foreign Service personnel system and the implementation of the Act of 1980 that are not only having an impact on the individuals involved, but are beginning to affect adversely the conduct of American foreign policy. The Commission further concluded that career stability is lacking under the Foreign Service personnel system as it operates today, and that this has contributed to an erosion of the attractiveness of the Foreign Service and a diminution of commitment to the Service as a career. This trend is most clearly seen in the shortage of expertise in key areas and of qualified individuals wanting to fill some of the most important positions in the Service—those of Political and Economic Counselor at major posts. The Commission fears that, should present trends continue, the ability of the Foreign Service to promote American interests in the future will be seriously impaired.

While aware that many of the problems faced by the Foreign Service are beyond the control of its managers and not directly related to the personnel system, the Commission does think the implementation of the Foreign Service personnel system contributes significantly to the problem.

The Commission found that a failure to manage the personnel system as an integrated whole is an underlying problem. This is true in

individual agencies, where there is often no correlation between different aspects of the overall system to ensure that the right people with the right training are available to fill positions at the time needed and at the appropriate grade. It is also true between agencies. Although State, USIA, AID, the Foreign Commercial Service, and the Foreign Agricultural Service all utilize the personnel system established by the Foreign Service Act of 1980, which sought compatibility, each agency implements the Act differently. Clearly, some agencies appear to have been more successful than others in the management of their personnel system; none escaped criticism.

The Commission first developed a model that would incorporate the characteristics of the closed, bottom-entry, up-or-out, rank-in-person system envisaged in the Foreign Service Act. This model would apply to all Officers in the Foreign Affairs agencies, a departure from the separation into generalist and specialist categories that has been a source of divisiveness and confusion within the system for many years, particularly at State. It would change promotion rates to a more measured pace commensurate with a competitive but stable career in a pyramidal structure.

A fundamental restructuring is required to conform the Foreign Service personnel system to this model and ensure an integrated system within each agency and a single, compatible Foreign Service among agencies. To this end, the Commissioners make a series of recommendations. In doing so, they emphasize that the recommendations relating directly to the management of the system should be taken as a package. To deal with these recommendations piecemeal would reduce their effectiveness and not adequately address the problems of the personnel system.

Among the Commissioners' recommendations:

- Establish an expanded FSO Corps.
- Institute a long-range personnel planning capability.
- Executive management of the personnel system requires that long-range budgeting be an integral part of the personnel system.
- All levels of management must increase their direct role in personnel decision-making and accept personnel management as part of their day-to-day responsibilities.
- The management and direction of Foreign Service personnel policy need to be separate from the administration of the personnel system of each agency. The Director General of the Foreign Service, under the direction of the Secretary of State, should assume responsibility for policy direction, and a separate Director of Personnel should be appointed for each Foreign Affairs Agency.

- The Department of Commerce's and Agriculture's Overseas Services should be removed from the Foreign Service System.
- A workforce/position structure must be specifically defined. All hiring and promotion numbers must be set against this defined position structure.
- In defining the workforce/position structure for the Service, a reasonable and constant percentage of all domestic and overseas positions at the Senior Foreign Service level (e.g., 12 percent) should be set aside for non-career appointees. This is necessary in order to remove a destabilizing variable from the planning process.
- Time of recruitment must be shortened to six months or less. Recruitment should be targeted to attract more women, minorities, and younger Americans.
- Tenuring should be a more rigorous evaluation, which would occur after 6 years.
- Cones should be abolished in order to broaden career opportunities.
- Greater emphasis should be placed on career planning, with the role of the Career Development Officer enhanced.
- Training should be improved, take place regularly throughout the career, and be required for advancement.
- The needs of the Service must prevail in the assignment process. Overseas assignments must be filled first. Both domestic and overseas assignments should be lengthened.
- The number of promotions should be limited to the number of positions at each grade. Promotions would be to actual vacancies.
- The Senior window would be eliminated.
- Promotion competition at all grades would be class-wide.
- Service on Selection Boards, with the exception of the public member, would be limited to the Senior Foreign Service, and service on Selection Boards viewed as a major aspect of Senior Officers' career responsibilities.
- The measured rate of promotion envisioned by the Commissioners would largely obviate the need for Limited Career Extensions. In transition, Officers of Counselor rank would still have a seven-year time-in-class limit. Minister-Counselors would have a total period of 12 years in the Senior Foreign Service.
- Management should not belong to the bargaining unit.
- The grievance process should be expedited and prescriptive relief modified.

- Individual members of the Service should be responsible for keeping their personnel records current. A Records Correction Board should be established to resolve differences rather than referring those issues to the Grievance Board.

- A fully automated personnel system should be established in order to ensure timely, effective, and responsible human resource administration.

- The Director General, in consultation with the agency personnel directors, should develop a competitive and rewarding career track with greater mobility for members of the Service not included in the system defined by the model described above, i.e., secretaries and other support staff.

- Finally, the Commissioners noted that most of these recommendations can be implemented under current law. A few will require additional legislation and/or amendments.

Assessment of Problem

Legislative Views

The Commission first went to Capitol Hill and met with those individuals most conversant with the legislative history of their mandate to determine the legislative intent.

Congressional concerns that led to the adoption of this provision fell into two broad categories. First, the Foreign Service personnel system appeared to be producing neither the people necessary to meet current challenges faced by the United States nor those able to face tomorrow's problems. Secondly, the Foreign Service Personnel System appeared unfair, capricious, and unpredictable. As a result, a high degree of discontent and unhappiness marked current attitudes among Foreign Service personnel. According to many of the authors of the legislation, such problems, if not addressed, could reduce the effectiveness of the implementation of American foreign policy.

Much to the surprise of Congressional sources, the situation had become worse rather than better since passage of the Foreign Service Act of 1980. Whether the 1980 Act was flawed or the implementation of the Act was the cause of the difficulties was not clear. The Act was not fostering the intended results.

The greatest concern expressed by those with whom the Commissioners spoke was that the Foreign Service personnel system was not producing Officers possessing the necessary expertise and experience to meet future challenges. Over the next two decades, the United States will face more complex international challenges. The bipolar world of the 1950s no longer exists, and the multipolar world that replaced it is a much more difficult one in which to operate. International issues with which the United States must contend are more complicated: international debt, the environment, multilateral disarmament, nuclear non-proliferation, chemical weapons, etc. These issues will have to be addressed at a time when resources available for the conduct of foreign policy are dwindling. Some on the Hill warned that failure by the Foreign Service to meet these challenges adequately would place the foreign affairs agencies at a disadvantage in competing for scarce resources. While the Foreign Service's importance will surely increase as future challenges become more complex, its ability to meet those challenges is doubtful.

The personnel system alone cannot be blamed for perceived shortcomings; nevertheless, ways in which the system functioned were

believed to contribute to the problems. At this point, the concerns among Congressional observers became anecdotal. They were worried that the level of expertise in the Foreign Service was not what it should be. The system did not produce the regional, economic, and technical specialists necessary to meet current challenges. Specifically, the number and quality of Soviet specialists and Arabists are cited as not able to meet the needs of the country.

The Congressional view is that Foreign Service Officers do not understand the American political context and how to relate effectively to the Congress. This failure to understand Washington brings into doubt their ability to understand other cultures. Moreover, reports had been received on the Hill that a rigidity had developed in the personnel system that inhibited the Foreign Service from adapting in a rapidly changing world. Finally, the Foreign Service in general, but the State Department in particular, appeared to have lost sight of its purpose. More and more resources were being expended on administrative and security-related issues and less on the conduct of foreign policy.

The second area of concern was the Foreign Service Officer's apprehension regarding career prospects and opportunities. This apprehension would have, if it had not already had, a serious impact on the conduct of American foreign policy. Congress, as the conduit of public opinion into the governing process, had been subjected to many complaints from frustrated Foreign Service Officers. Personnel representing the entire range of Officers had approached their friends and representatives on Capitol Hill. The concerns raised in these meetings were usually not special pleading for an Officer's own case, but concern for the Service. The contention was that the personnel system was creating anomalies that did not serve the national interest.

The capabilities and dedication of individual Officers were widely noted. As one Congressional staff member observed, "...the institution is much less than the sum of its parts." Something is clearly wrong when the jobs that should be at the heart of the organization—Political and Economic Counselors in major countries—had few willing contenders. Promotion and advancement did not appear to be the reward for taking assignments and developing skills necessary for advancing the national interest.

Congressional observers readily agreed that many of the problems faced by the Foreign Service were the result of societal changes and other external events beyond the control of those who administer the system. Nevertheless, the feeling was widespread that the personnel system, rather than helping meet these challenges and helping the Foreign Service adapt, actually worsened the situation.

Executive Branch and Employee Views

Following its sessions on Capitol Hill, the Commission met with managers of the foreign affairs agencies and a cross-section of Foreign Service and General Schedule personnel. It also met with former Secretaries of State Cyrus R. Vance and George P. Shultz and with Secretary of State James A. Baker III. The Commission spoke with the American Foreign Service Association (AFSA) and the American Federation of Government Employees (AFGE) and held public meetings. In addition, meetings were held with the Office of Management and Budget and the Office of Personnel Management.

The Commission was struck by the nearly universal concern that the Foreign Service was going through a difficult period. The most optimistic observers, a distinct minority, believed that this period was coming to an end. Most believed serious problems continued to exist and offered constructive observations on how the system could be improved.

The employees with whom the Commission spoke were concerned that the effect of the 1980 Act would be to cut short their careers, either through the operation of the SFS window or through failure to be selected for an LCE at the expiry of their SFS time-in-class (TIC) limits. These employees cited not only the personal hardships forced early retirement would entail, but also the loss to the Service of capable Officers with needed skills. They noted in particular that the effect of the window and existing SFS TIC limits was to penalize fast-risers who, under current regulations, cannot carry with them their unused mid-grade and OC TIC allotments.

Employees also expressed concern about the absence of concrete guidance on how to structure their careers so as to enhance their competitiveness for promotion and LCE selection to ensure that they would not fall victim either to the window or SFS TIC limitations. They noted the corrosive effect the competing interest of senior and O1 Officers had on Service cohesion, as seniors sought to extend their careers and O1s hoped for more generous senior attrition and the increased promotion opportunities this would afford O1s facing the expiry of their windows.

Employees were also critical of State's cone system, which they felt forced employees into rigid categories and limited their assignment options. Both Foreign Service specialists and GS personnel were concerned by the lack of upward mobility opportunities for non-FSOs. Employees also worried that the Service was losing its expertise in critical areas relative to domestic agencies and that further foreign affairs functions would be lost to these other agencies.

Some agency managers with whom the Commission spoke urged that some time be allowed to pass before additional major changes in the Foreign Service personnel system were contemplated. The managers noted that the agencies and their employees had only begun to accommo-

date the impact of the 1980 Act. The Act, they urged, should be allowed some time to prove—or disprove—itsself before further changes were made.

On a more specific level, managers expressed concern that the current employee-driven assignment system did not ensure that the Service's most able employees were filling its most difficult positions. They noted in particular distortions in the bidding process caused by employee perceptions of what jobs would make them most competitive across the senior threshold or within the SFS.

The rising age of Foreign Service entrants was also widely viewed as problematic, as was the overly long period from initial contact to appointment for successful recruits. The District Court's finding that a portion of the Foreign Service written examination discriminated against women underscored the need management already felt to develop a sound, legally valid examination procedure that would facilitate more rapid entry of qualified applicants into the Service.

Managers also commented on the need to strike an appropriate balance between the retention of experienced Officers and the provision of adequate advancement opportunities for highly talented, more junior personnel. Similarly, they cited the need for balance between the number of political appointments and the use of career personnel.

EEO was much on the minds of agency managers. While they noted that the Foreign Service today was more representative of the diversity of the American people than it had been in the past, managers were acutely aware of the difficulty the Service continues to have in recruiting adequate numbers of blacks. They expressed hope that the Commission might offer specific recommendations in this regard.

Managers also encouraged the Commission to examine the impact of societal change on the Foreign Service personnel system. Looking ahead to the year 2000, they urged the Commission to consider how the Foreign Service might accommodate the needs of a changing U.S. workforce.

Summary of Findings

The Commission concluded that failings in the Foreign Service personnel system and implementation of the Act of 1980 not only impact on individuals involved, but are beginning to affect the conduct of American foreign policy. This is most clearly seen in the lack of expertise in key areas and the dearth of qualified individuals bidding for some of the Service's most important positions—Political and Economic Counselor positions in major posts. The Commission fears that, should present trends continue, the ability of the Foreign Service to promote American interests in the future will be seriously impaired.

While fully aware that many of the problems faced by the Foreign Service are beyond the control of its managers and not directly related to the personnel system, the Commission does think the implementation of the Foreign Service personnel system contributes significantly to the problem. The underlying difficulty of the current system is the failure to treat it as an integrated whole. Decisions appear to have been taken in specific areas—determining time-in-class, granting Limited Career Extensions, tenuring, training, etc.—without regard to impact on the entire system.

Although State, the United States Information Agency (USIA), the Agency for International Development (AID), the Foreign Commercial Service, and the Foreign Agricultural Service all work under the Foreign Service Act of 1980, which sought compatibility to the maximum extent practicable, each Agency has implemented the Act differently. For example, AID is the only agency effectively utilizing the selection-out process for relative performance. Clearly, some agencies appear to have been more successful than others in the management of their personnel systems; none escaped criticism. The most severe problems and concerns rest with the Department of State.

The Commissioners' principal findings were the following:

- The management and direction of Foreign Service personnel policy needs to be separated from the administration of the personnel system of each agency, with the Director General of the Foreign Service assuming the former responsibility on behalf of the Secretary of State, and the latter responsibility lodged in a separate Director of Personnel for each foreign affairs agency.
- With regard to the legislation itself, the Commissioners concluded that the 1980 Act provided adequate flexibility for the management of those agencies, although they did identify certain elements of the Act requiring amendment.

- The authority granted to the Secretaries of Commerce and Agriculture to utilize the Foreign Service personnel system should be repealed. The Commissioners judge that the Foreign Commercial Service, Foreign Agricultural Service, and Animal and Plant Health Inspection Service do not and, because of their small size and specialized functions, cannot conform to the closed, bottom-entry, up-or-out personnel system envisaged in the 1980 Foreign Service Act.

- The managers of the agency personnel systems face an almost impossible task. Management does not have direct control of hiring, promotion, or termination of employment. Independent boards make crucial promotion and termination decisions under precepts negotiated with the exclusive employee representative. Each basic process, moreover, appeared to be distinctive without regard to the other. In other words, the personnel system is not integrated and is difficult to administer.

- Even taking into account these limitations, management did not use all of the instruments provided to it by the 1980 Act. For example, Limited Career Extension (LCE) authority was written into the law so that the managers could identify and retain those people with skills needed by the Service. State managers did not give explicit instructions to the Boards on what skills were needed by the Service. AID used the LCE authority as a bridging measure to provide a more sensitive and beneficial way to bring to a close an employee's career. In most instances, the LCE was not used to identify and retain individuals with skills needed by the Service.

- No effective workforce requirements systems were established by agency managers. As a result, career development, promotions, training, and assignments were determined without clear relation to agency goals and objectives.

- The recruitment process, though rigorous, does not necessarily produce the employees best suited for a Foreign Service career. The recruitment period, which often lasts more than 18 months, discourages minorities, women, and younger recruits who need employment. The gradual increase in the average age of entry into the Foreign Service to nearly 32 is not a good development. Recruitment needs to be targeted in order to obtain the proper mix of skills and a broader representation of the American people.

- The tenuring process as currently constituted serves no purpose. The prevailing wisdom is that the examination process is so rigorous that anyone who survives it should be tenured unless some egregious action occurred. The Commission disagreed, thinking several years of performance a better determinant than any two-day examination.

- The cone system, rather than assuring that the proper mix of officers is promoted to the senior ranks of the Service, has become an

institutional straitjacket limiting career development. The Service would be better served by a system that rigorously determined skills needed and promoted Officers who had the skills and experience most suited to meet the needs of the Service.

- The Open Assignment (bid) system, as generally applied, has turned the assignment process upside down. A system has been created whereby more often than not the needs of the individual are placed above the needs of the Service. To a large extent, this is a self-defense mechanism, because the personnel system does not appear to reward those who sacrifice personal and family concerns for the good of the Service.

- Career development is inadequate. Because no clear integrated workforce structure has been established, employees are uncertain what path will lead to productive careers. Therefore, Officers become their own career development officers, basing their judgment on the accepted wisdom of the day.

- Training is seldom rewarded and is often effectively penalized. No correlation has been established between training and assignment and promotion, or even how well one performs in one's next position. Training must be upgraded and rewarded.

- Assignments outside one's own agency are not rewarded and often are effectively penalized. Regarding the promotion of interests in Washington, the Department of State is one of the least effective agencies. Serving tours at other agencies or with Congress should be a prerequisite for promotion rather than an impediment.

- Following the passage of the 1980 Foreign Service Act, rapid rates of promotion have proven incompatible with the provision of full careers of those employees who reach the mid-ranks of the Service and who remain competitive. With an Officer reaching the Senior Foreign Service in 15-16 years, a 30-year career is not statistically sustainable unless half of all Foreign Service Officers are in the Senior Foreign Service.

The Commission concluded that the foregoing problems have contributed to lack of stability in the Foreign Service personnel system.

To remedy these problems, the following section of this report sets out the Commission's analysis and a proposed model for the personnel system as it would apply to Foreign Service Officers.

Analysis and Recommendations

Nature of the System

Foreign Service Act of 1980

The Act establishes a personnel system for the Foreign Service of the United States composed of (a) Foreign Service Officers appointed by the President, with the advice and consent of the Senate, and (b) other members of the Service appointed by the Secretary of State or the heads of other agencies using the Foreign Service personnel system (the Agency for International Development, the United States Information Agency, the Foreign Commercial Service of the Department of Commerce, and the Foreign Agricultural Service and Animal and Plant Health Inspection Service of the Department of Agriculture).

For Foreign Service Officers of all agencies, the Act envisages a closed, up-or-out personnel system. Under such a system, entry occurs at the bottom ranks and advancement through the ranks is based on a process of peer competition, under which those who are judged noncompetitive or who fail to meet prescribed time-in-class limits, as determined by independent boards appointed by management, are separated from the Service.

System Analysis

Establish an expanded FSO Corps. In considering how the nation's foreign affairs function might best be staffed, the Commissioners concluded that the ideal structure would involve the integration of all foreign affairs agency personnel into a single system with two main, subordinate categories. The first category would be a closed, rank-in-person, bottom-entry system. The other portion of the model would be an open, rank-in-job system to include all non-Foreign Service personnel and present General Schedule employees. The Commission thought that at some future date, management may want to consider pursuing this model of an integrated personnel system. They concluded, however, that it was preferable at this time to concentrate on problems in the present system that require early attention.

The bulk of the Commission's report deals with the definition and management of the closed personnel system applicable to FSO's. The members were concerned, however, that the larger personnel system encompassing all non-officer Foreign Service employees also provide competitive and rewarding careers for secretaries, communicators and other support staff (i.e., members of the Service described in (b) above).

The Commissioners believe that this goal could be accomplished by building into the system an opportunity for those employees to seek training in and assignments to other Foreign Service functions and eventually, at the option of the individual, to request consideration by the Tenure and Commissioning Board for commissioning as FSOs in one of the functional categories outlined in Appendix VI. These employees would thus have the choice of advancing through their own career structures outside the closed FSO system or, at the 05 level, of being considered for entry to that system together with the untenured Junior Officers who were approaching the end of their period of probationary service. Those support employees not selected for commissioning would be free to continue their careers in their original functions.

With regard to the closed portion of the Foreign Service, the Commissioners believe the time has come to revise markedly the definition of which members of the Service constitute the Foreign Service Officer Corps. Their recommendation is for a far more inclusive Officer Corps than has existed heretofore, reflecting the changing mission of the Service and the greater variety of skills needed to accomplish it.

The Commissioners' proposal represents a significant departure from the traditional way of looking at Foreign Service employee categories, which has divided Foreign Service Officers broadly into two groups with little mobility between them. These groups were at an earlier time in the history of the Service designated as the Foreign Service Officer Corps and the Foreign Service Staff Corps, and today are referred to as generalists and specialists. The Commission found this distinction ambiguous, confused, divisive and in many respects anachronistic.

The model the Commission has developed takes as a point of departure the premise that Foreign Service employees are part of one system whose role is to support the overall mission of the Service and of the agencies of which it is a part, as outlined in Section IV.C of the Commission's Interim Report. This requires the broad range of functional categories outlined under Career Management (see p. 23) as well as a hiring and career development process that will ensure a correlation between workforce requirements in all categories on the one hand and Officers with expertise to fill those requirements on the other. All Officers will develop expertise in certain functional categories as they advance in the Service; in this sense, all will have specialized. Those who aspire to and succeed in advancing through a highly competitive process to the senior ranks of the Service and senior positions managing the missions of their agencies will need to develop an increasingly broad base of experience and skills.

While clearly not all Officers will reach the senior ranks and many will spend much of their careers in one or more functional categories, the goal would be a Service in which the opportunities for lateral mobility both within and between agencies and therefore for advancement would be much greater than is now the case.

The Commissioners would also stress that certain personnel management principles must apply to the operation of a closed, bottom-entry personnel system, whether the more inclusive FSO Corps they advocate or the more restrictive one that has traditionally existed. Such a system presupposes the existence of a stable, well-defined position structure in which workforce requirements (i.e., personnel needed to fill jobs) are specified by number, rank and skills. In the case of the Foreign Service, the Commissioners believe that this position structure, once it has been defined, can best be controlled by having Congress set limits through the budget process on the number of positions each agency can have at each grade.

Similarly, if agency managers are to know in fact how many senior positions will be available to be filled by career employees, there must be a specific limit on the number of Senior Foreign Service positions to be filled by political appointees. The Commissioners believe that a limit of twelve percent on non-career appointments to SFS positions, including Ambassadorships, would be reasonable and in keeping with Sec. 304 of the 1980 Act which stated that "...positions as Chiefs of Mission should normally be accorded to career members of the Service..."

The Commissioners would emphasize that a closed personnel system can function only if the number of employees needed at each grade and the kinds of skills they should possess are spelled out in advance and if those definitions remain stable over time. This allows agency managers to recruit and develop employees so that 15 years down the road, the needed employee will be at the appropriate rank with the skills and experience required to do the job.

Authorities Under the Act

Give the Director General authority over a single Foreign Service of the United States. The Foreign Service Act of 1980 provides that "under the direction of the President, the Secretary of State shall administer and direct the Service and shall coordinate its activities with the needs of the Department of State and other agencies" (Section 201), that "the Director General of the Foreign Service shall assist the Secretary of State in the management of the Service" (Section 208), that "the Service shall be administered to the extent practicable in a manner that will assure maximum compatibility among the agencies authorized by law to utilize the Foreign Service personnel system" (Section 203(a)), and that "the President shall establish a Board of the Foreign Service to advise the Secretary of State on matters relating to the Service, including furtherance of the objectives of maximum compatibility among agencies authorized by law to utilize the Foreign Service personnel system and compatibility between the Foreign Service personnel system and the other personnel systems of the government" (Section 210). In

practice, however, each agency has interpreted and administered the Act independently and in its own way. There is no integrated, overall direction in the administration of the Service.

In the Commission's view, the intent of the Act to create one Foreign Service has not been realized. To achieve the objective of having one Foreign Service of the United States, the Commission believes that the authority of the Secretary of State over the Service needs to be clarified. The management and direction of Foreign Service personnel policy need to be separated from the administration of the personnel system of each agency, with the Director General of the Foreign Service assuming the former responsibility on behalf of the Secretary of State, and the latter responsibility lodged in a separate Director of Personnel for each foreign affairs agency. (To eliminate the ambiguity inherent in current legislation in this respect, the Commission recommends under **Implementation**, p. 36, that Section 203(b) of the Foreign Service Act of 1980 be repealed.)

Remove Department of Commerce's and Agriculture's overseas services from Foreign Service system. The Commission noted that neither the Foreign Commercial Service nor the Foreign Agricultural and Animal and Plant Health Inspection Services conformed to the closed, bottom-entry, up-or-out personnel system envisaged by the Foreign Service Act. The Commission doubted that, given their small size and specialized functions, they would be able to conform to that system in such a way as to become integral parts of a single Foreign Service. (The Commission recommends under **Implementation**, p. 36, that Section 202 of the Foreign Service Act be amended to repeal the authority granted the Secretary of Agriculture and the Secretary of Commerce to utilize the Foreign Service personnel system.) Appropriate compensation should be provided this small group when serving overseas.

Planning

Allow for long-range personnel planning. The Commissioners would stress the need for long-range planning as an intrinsic element in effective human resources management. Long-range planning would allow agency personnel managers to assess the effects of demographic and societal change on the systems they are responsible for administering and to take into account changes in the mission of the Foreign Service and the overseas environments in which it operates. This is particularly important in a closed personnel system in which the individuals recruited today are expected to be capable of adapting to and performing the duties required 10-20 years hence. Only long-range planning can forecast future agency missions and, thus, appropriate employee development.

The personnel model the Commissioners have developed is an integrated one in which each step in the personnel process is linked to the rest. Proposed changes in individual segments are thus effectively viewed from the perspective of all other segments in the process. An effective computer modeling capacity is essential if personnel managers are to be in a position to make informed decisions.

Financial Management System

Incorporate budget as an integral part of personnel system.

Effective management of the personnel system outlined in this report demands a responsive budgetary process. The system cannot be managed effectively, and stability of the system cannot be attained, if its key features are subject to annual budgeting fluctuations. Recruitment, promotions, retirements, assignments, transfers, and training are all integral parts of the system. If the resources to support any of these features are not available, the system will falter. System managers have to be able to project costs with a high degree of reliability, and the Foreign Service needs to consider these projected system requirements as essential costs of doing business. At the same time, sufficient flexibility in the overall budget system is essential for personnel surges or contractions based on changing mission requirements.

Quality of Management

Increase understanding and involvement by all levels of management. Effective implementation of the personnel model the Commissioners have developed will require an increased emphasis on training, both of employees assigned full-time to the personnel function and of line managers throughout the agencies. The Commissioners stress the need for thorough and effective training of Career Development Officers (CDOs) to enable them to carry out the increased responsibilities their positions will entail under the assignment system the Commissioners propose. The same is true for all those assigned to the personnel management function, including Personnel Officers abroad. Administration of the kind of sophisticated, closed, up-or-out system the Commissioners recommend will depend on the development of a cadre of professional human resource managers who bring both expertise and experience to their tasks.

At the same time, this system calls for agency managers at all levels to play a more direct role in personnel decision-making and to accept personnel management as an integral part of their day-to-day responsibilities. To play their roles effectively, managers will need training both in personnel management techniques and in the specifics of the system they are responsible for administering. Such training is particularly important for those who aspire to the senior ranks of the Service.

Workforce Requirements

hiring and promotion numbers against a defined position structure. As indicated under System Analysis (p. 14), the closed personnel system specified by the Act must be based on mission-driven workforce requirements and the personnel management essential for flow-through from intake to separation. Two basic principles are necessary to sustain a closed system:

- There must be more qualified Officers at a given grade than can be advanced to the next; and
- Success must be compatible with long-term tenure for the individual Officer.

Also basic to the effective management of a closed personnel system is a specifically defined workforce requirements/position structure. Historically, the number of promotions in a given cycle has been determined by management, based on anticipated vacancies at the next level. This has resulted in more Officers at certain ranks than available positions. For example, in 1988, five Officers were promoted to Career Minister, raising the total to 55, although only 32 Career Minister positions were identified. Over the previous five years, the number of Career Minister positions occupied by career Foreign Service Officers fluctuated between 28 and 32. As a consequence, a number of Senior Officers were not assigned to Career Minister positions and some occupied positions designated for lower ranked Officers.

If system managers are to be able to calculate workforce requirements accurately, the percentage of non-career Senior Foreign Service positions, to include Ambassadors, should be limited to no more than 12 percent of the total number of Senior Foreign Service positions authorized by Congress within the foreign affairs agencies.

The position structure of the Foreign Service will have to be modified. Over time, anomalies have developed. For example, more positions are designated Minister Counselor than Counselor. Other positions are clearly overranked. The Commissioners believe, for instance, that as a rule Office Director positions should not be designated Senior Foreign Service. The Foreign Service position structure must more closely resemble a pyramid.

The restructuring of positions will allow mid-level Officers greater responsibility. This is particularly important if Foreign Service Officers are to provide challenging growth opportunities in a more measured promotion system.

Chart I (p. 20) illustrates the workforce structure the Commission considers most appropriate for Foreign Service Officers. There should be three broad delineations of FSOs: untenured Junior Officers at grades GS-06 and GS-05; the mid-ranks (grades GS-04–GS-01), which would encompass

both the journeymen levels of grades 04–02 and the program direction/execution/management stratum at the 01 level; and the Senior Foreign Service (Counselors, Minister-Counselors, and Career Ministers). At grades 02–04, Officers would be assigned to a primary functional category (see **Career Management**, p. 23), but would be required to serve in other functional categories both to advance into the Senior Foreign Service and to be considered for promotion within the mid-grades. Such a system would ensure that Officers develop sufficient expertise in their primary functional area to be fully proficient in it, while developing the broad multifunctional background essential to effective performance at the senior ranks.

Chart II (p. 23) illustrates the workforce requirements structure for FSOs in terms of positions. While the specific figures shown on this chart are illustrative, effective workforce management demands the development of a position structure that is specifically defined and carefully validated. Hiring and promotion numbers must be set against such a structure in order to effectively assign people. The Commissioners found that the lack of such a firmly defined position structure for FSOs was central to many of the agencies' personnel management problems.

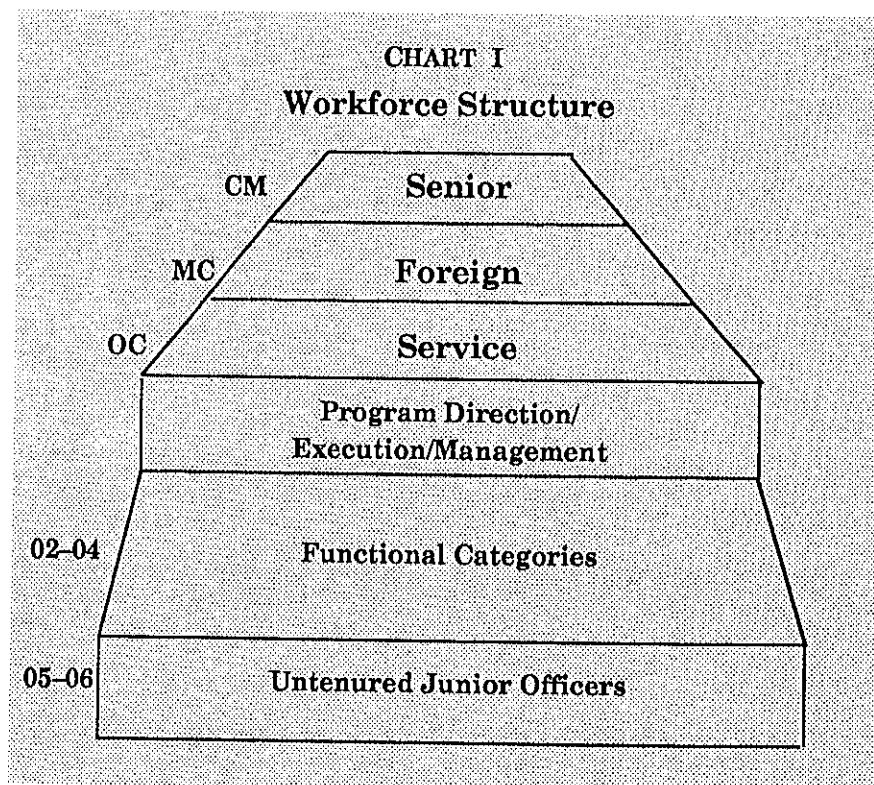


Chart III (p. 24) illustrates the workforce distribution profile of the FSO Corps that would result from the successful implementation of the Commission's recommended personnel system. In the out-years, each year-of-entry cohort (represented by the vertical bars on the chart) would be composed of individuals at several different grades, with fast-risers advancing slightly ahead of norm and slower-movers somewhat behind. Retirement would occur, as shown, when an Officer reached the maximum years-of-service limit for his or her rank, failing promotion to the next grade. (The years-of-service maximums shown on this chart are illustrative.)

With these structures in place, it is possible to turn now to the various steps that would make up the life cycle of an FSO.

Entry Process

Recruitment/Examination/Appointment

Six months from recruitment to appointment. While the Commissioners were impressed by the intellect and motivation that entering Junior Officers bring to the Service, they were concerned by the excessive length of the recruitment/examination/appointment process. The one- or two-year period from initial contact with the prospective employee to appointment most likely causes the Service to lose many prime candidates, particularly minorities, to competing employers who can move more quickly. In addition to the delay between application and entry, knowledge about careers in the Foreign Service is not widespread among minorities. Current difficulties in recruiting sufficient numbers of entry-level minority Officers, most especially blacks, are reflective of past years of non-entry at any level in the Foreign Service. At State, only four percent of FSO's and two-and-a-half percent of Senior Officers are black, reason enough to reconsider the entry process.

The Commission proposes as a substitute a recruitment system that targets prospective candidates in the 22-28-year age bracket with education, experience, or expertise relevant to the Service's needs in the broadest sense. In 1987, the U.S. District Court for the District of Columbia ruled that the political functional field segment of the written examination had a disparate impact on women. The Commission proposes that a shorter version of the written examination (primarily the general background and English expression segments of the existing test) be used to screen candidates' basic qualifications for the Foreign Service. Successful exam-takers would be notified within 30 days and invited to submit SF-171s, college transcripts, and other materials bearing on their specific qualifications and academic and work experience. Those qualified for the Foreign Service would be interviewed to assess motivation and suitability. Successful candidates would be offered employment contingent on completion of background checks and

medical exams. The goal would be to shorten the recruitment/examination/appointment process to 6 months or less. Through changes in the tenuring process (see below), the selection process would ultimately rely more on performance than on 2 days of examinations.

Tenure

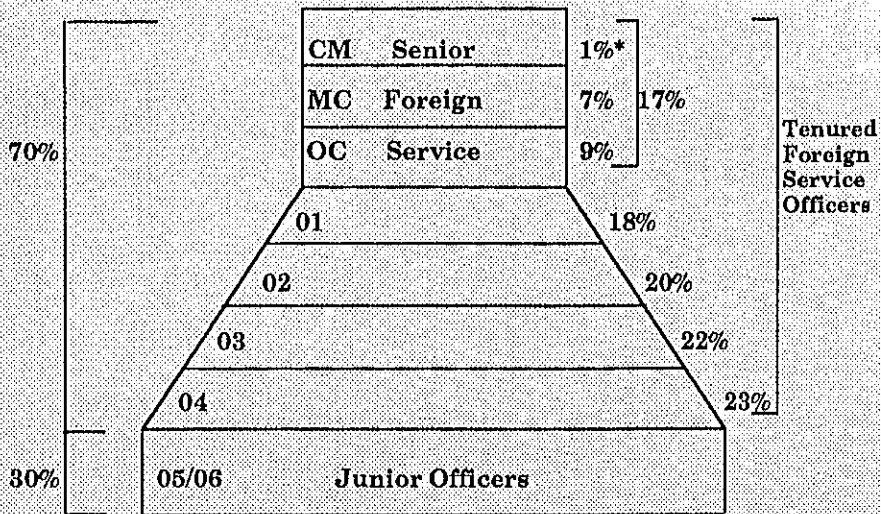
Set pre-tenure period at six years. Currently, the principal screening of new Officers occurs prior to their appointment as untenured Officers, and tenuring within four years is virtually ensured. The Commissioners question whether the current emphasis on pre-entry screening is as predictive or cost-effective as one based on on-the-job performance. For this reason and for the sake of shortening the entry process as described above, the Commission recommends that the Department shift the weight of its selection process to an assessment of the Officer's performance during his period of untenured service.

This would require several fundamental changes in the conditions of service for untenured Officers. Appointment would be at the 06 level for all Officers, with salary steps calculated on the basis of level of education and prior work experience. The pre-tenure period would be set at six years, during which an Officer would be rotated through a variety of assignments, both domestic and overseas, in a range of functions. At the commencement of the pre-tenure period, all Officers should attend the same basic training program (currently the A-100 Course). More Officers would be hired in anticipation of the rigorous tenuring process and associated higher attrition rate. This tenure process would determine an individual's suitability for a full Foreign Service career.

The Tenure and Commissioning Board would be limited in the number of Officers it could approve for tenure based on the number of vacancies and needed skills to complete staffing of the Service at the mid-level. The Board would base its decision on the Officer-Candidate's performance file, which would include additional materials, including the results of an oral assessment process, personal interviews with the candidate, or the results of written examinations testing job skills acquired in pre-tenured service. In addition, each Officer-Candidate would have to possess a 3/3 level competence in a foreign language. The Board's decision would be either to tenure the candidate and promote him or her to 04, or to require the candidate to leave the Service. This would ensure that those leaving the Service short of full careers would do so at an age when their prospects for outside employment are greater and their financial responsibilities limited, alleviating some of the problems arising from the current emphasis on the senior threshold.

Assignment to a Foreign Service functional category would also occur at tenure. Assignment to functional categories would be based on an Officer's record of performance over the period of untenured service.

CHART II
Workforce Requirements
(Positions)



*Percentage of tenured FSO corps at each grade.

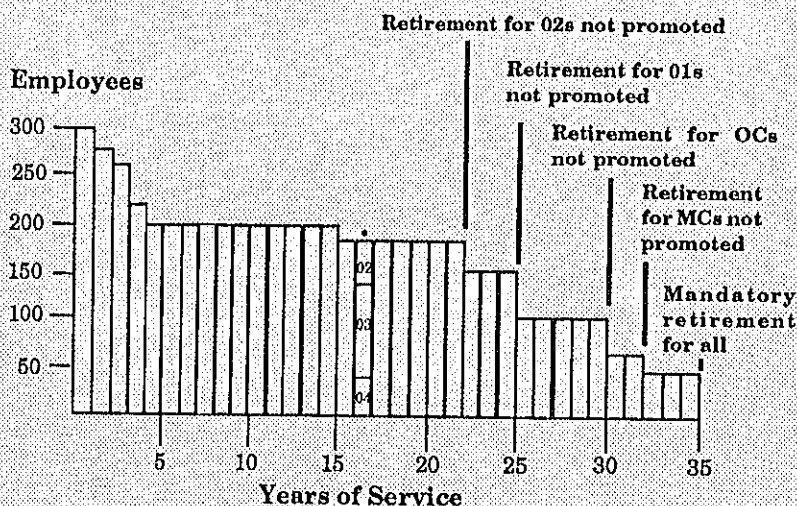
Individual preference would be considered, as well as the recommendations of previous supervisors, but final responsibility would rest with the Board.

Career Management

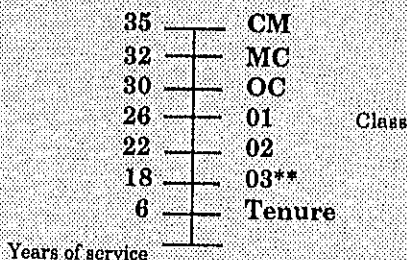
Abolish/restructure occupational groups (e.g., cones) and broaden career opportunities. The Commissioners found that State's existing cone system, which divides FSOs from entry to the senior threshold into four virtually airtight compartments—Administration, Consular, Economic and Political—to be artificial and overly rigid. In particular, they were concerned by the current practice of assigning cones at entry, before the individual has any real knowledge of the work of the Foreign Service and before the Department has had an opportunity to judge the Officer's on-the-job performance.

Beyond that, the Commissioners found the excessive rigidity of the cone system and the lack of opportunity for cone changes to be frustrating to the individual who had either been "mis-coned" at entry or whose interests had changed since joining the Service. More serious, in

CHART III
Workforce Distribution Profile



*Rank composition of cohort with 17 years of service.



**03 not promoted to 02 will be retained for 2 additional years to reach retirement eligibility. They will not be considered for promotion during that period, however.

the Commission's view, is the fact that the current system discourages the individual from seeking precisely the kind of cross-functional experience needed to serve effectively in the broad generalist ranks of the Senior Foreign Service. The institution of the multifunctional promotion track has helped in this regard, but the Commission believes that all Officers, not just a few, need to develop cross-functional skills if they are to perform effectively at grades 01 and above.

In place of the cone system, the Commission recommends the establishment of a number of functional categories at grades 04–02. For State, these categories might consist of Administrative Management, Personnel Management, General Services, Financial Management, Security, Information Systems Management, Consular, Economics, Finance and Economic Development, Labor Affairs, Political Affairs, Politico-Military Affairs, Science and Technology, and Narcotics Control. (See Appendix VI.) Unlike the current cones, these categories would be permeable. An Officer would in fact be required to serve in more than one category during his or her mid-level career to be eligible for promotion both within the mid-grades and into the Senior Foreign Service.

Career Development

Strengthen the role of the CDO to include assignment responsibilities. The Commissioners found absent an integrated career development and planning process for all State Foreign Service Officers. The lack of such a process requires employees to determine what mix of training and assignments is most advantageous on their own. Not surprisingly, advantage is usually measured by promotions rather than by the good balance of skills and experience needed at the most senior levels.

To remedy this, the Commissioners recommend a major revamping of the entire career management system, from the structure of the mid-levels of the Service, to the role of the Career Development Officer, to the nature of the assignment process. For the sake of clarity, a hypothetical FSO will “walk through” this proposed system.

The newly promoted FSO–4 meets with the Career Development Officer (CDO) responsible for career management of mid-level FSOs in his or her particular category. For continuity, this CDO remains in that job for three or four years, receives extensive training in career development and counseling, and lays out for the client the pattern of assignments and training that an Officer in this category could expect to follow in the mid-ranks. For a State Economic Officer also trained in Japanese language, for example, that pattern might include a mix of domestic assignments in the regional bureau, the economic bureau, and other agencies, plus advanced area training at a university and repeated tours in Japan, including an assignment to a consular/administrative position at a constituent post. Similar “career paths” would exist for other kinds of employees with other regional expertise. The CDO is responsible both for counseling the individual on career path specifics and for managing the Officer’s career so that the appropriate mix of training and assignments are made available.

With a more measured pace of advancement dictated by minimum time-in-class and years-of-service requirements, the individual would be encouraged to seek the appropriate mix of training and cross-functional experience without concern for the impact of such “out-of-the-

mainstream" assignments on immediate chances for advancement. Selection for such assignments and training would send a strong signal to promotion boards that the individual was being groomed for broad managerial responsibilities at the senior ranks.

Training

Increase and improve training. Strong disincentives to training are built into current assignment and promotion systems. Like many of their interlocutors, the Commissioners think that the single most distinguishing feature of the Foreign Service should be its area/language expertise, since it is pivotal to the Service's effective discharge of foreign policy goals in foreign cultures. The Commissioners also recognize that the complexity of the current foreign policy agenda, its increasing technical and scientific content, and the growing need for fiscal and real resource accountability demand high levels of expertise in areas not traditionally associated with foreign affairs. But the Department of State has not accepted this inherent responsibility. Training in human and financial resource management, for example, should be mandatory for all Officers who aspire to the senior ranks.

A renewed commitment to training is an essential element of career development. Changes the Commissioners recommend in the agencies' career management system (the development of career paths involving regular periods of training) and promotion system (a measured pace of promotion with regular opportunities for training before an Officer becomes eligible for promotion) will greatly enhance the training function. Since training will have a budgetary impact, both in terms of the funds to be expended and manpower required, and in view of its critical importance to the development and functioning of the kind of Foreign Service the nation needs, the Commission suggests Congress and the Executive Branch cooperate to fund any additional costs.

The Commissioners recognize that training is of two essential varieties—training in specific job-related skills (whether language, information systems, consular, etc.), and training designed to broaden and prepare an employee for additional or more senior responsibilities (attendance at the Senior Seminar or National Defense University, for example). While rewards for specific job-related training may be easier to implement, the Commissioners recommend that agencies reward employees in terms of assignments and promotion for participation in both kinds of training programs. Current perceptions of training as something to be avoided because of delayed promotion consideration must be replaced by an attitude of distinction, an indication that management has found the employee of such high potential that a further investment in training resources is warranted. Monetary incentives may play a role in language training and maintenance, but training should also carry a strong message of potential that would be taken into account by Promotion Boards.

Assignments

Needs of the Service must prevail. The Commissioners were concerned that the present "open assignments" system, which proceeds on the basis of expressed individual assignment preferences, gives less weight to Service needs and career development imperatives than to individual perceptions of what constitute "fast track" assignments or desirable posts. The development of career management paths for employees would obviate the need for a bid-based system. Officers would express preferences to their CDOs, ensuring that extenuating personal circumstances and family responsibilities would be taken into account. But the needs of the Service, and not individual bid lists, would initiate the revised assignment process.

The career development and assignment functions would be changed and enhanced. Career Development Officers' functions would be combined with Assignment Officers' tasks, as indicated earlier. Moreover, the regional and functional bureaus would participate directly in assignment decisions rather than through central personnel, as at present. Agency managers overall would be more involved in personnel decision-making. However, assignment authority and oversight would rest with the agency Director of Personnel. This does not change the Commission's intent that the impetus in the assignment process come from agency management rather than the individual employee.

Assignments of untenured Officers would be controlled centrally to ensure that each Junior Officer receives a mix of experience that will allow the Tenure Board an adequate basis for judging suitability for a Foreign Service career in competition with his or her peers. Posts must, therefore, use the JO as directed. Compliance would be monitored by central personnel. The larger number of JOs would ease the problems of meeting, for example, State's consular staffing requirements at the junior level and allow JOs significant exposure in a variety of functional categories.

Mid-level assignments (grades 04–01) would be made with direct bureau involvement. Positions at grades 03 and 04 would be treated as one category for assignment purposes, making it easier for Officers to gain broadening cross-functional experience. Approximately ten percent of 01 positions would be reserved for stretch assignments of high potential 02 Officers. The same would be true at the OC level for 01 Officers. Senior assignments would be centrally controlled.

The Commission recommends that given the importance of the Foreign Service's role in staffing overseas posts, positions abroad should be filled first in the annual assignment process. It also recommends that tours of duty, both in domestic positions and overseas, should be longer (i.e., three or four years) except at extreme hardship and danger-pay posts. This would afford the Officer the chance to develop greater expertise in each position held.

Finally, to ensure that all employees fairly share overseas service, the Commission also recommends not only retaining the five-year maximum on continuous service in the United States, but strengthening that rule by creating a linkage between promotion and overseas assignments at each grade.

Career Progression

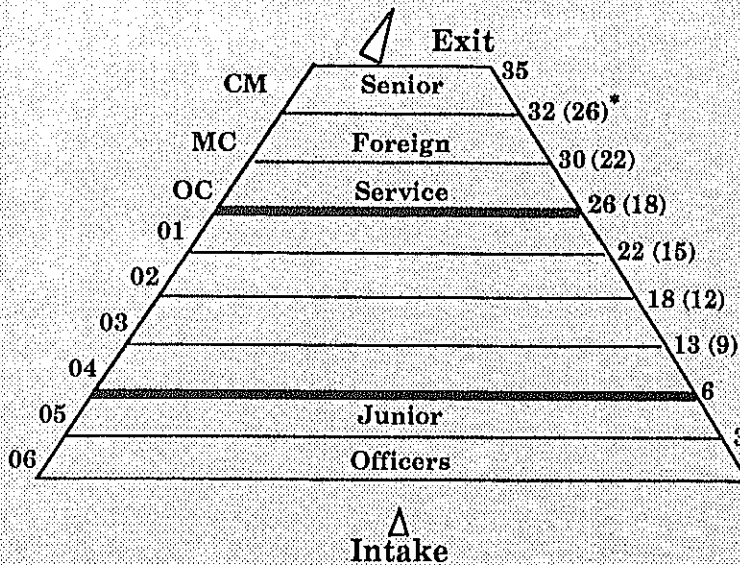
Promotion/Retention/Separation/Retirement

Allow for predictable promotions/attrition, eliminate senior window. Adequate career stability is impossible in a system lacking a well-defined position structure and in which rapid promotions are the rule rather than the exception. Critics of the existing system have described it as one of "up-and-out" rather than "up-or-out." The promotion system the Commission is recommending is most definitely an "up-or-out" system. The Commission's proposal provides for an Officer to move through the ranks at roughly the same pace as the year group cohort with which he or she entered the Service. Outstanding performers would move somewhat more rapidly, and less distinguished performers somewhat more slowly than the average. Most Officers could expect to move up to the FSO-1 level before retiring, but some would retire at lower levels after a full career. In contrast to the existing system, promotion competition for entry into the Senior Foreign Service would occur automatically when time-in-class and years-of-service minimums are met, rather than at the option of the employee (i.e., the SFS window would be eliminated).

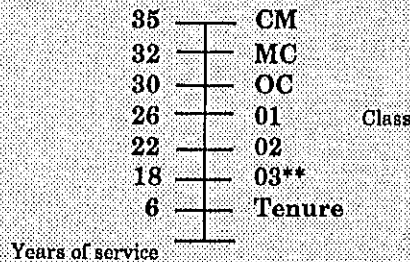
Basic to the promotion system advocated by the Commission is a strict limitation on the number of positions at each grade by its percentage of the total FSO corps, as illustrated in Chart II on page 23. Also fundamental is the institution of minimum and maximum years-of-service limits on each grade. As Chart IV (p. 29) demonstrates, Officers would become eligible for promotion consideration at a set years-of-service minimum and a fixed time-in-class minimum (perhaps three years at the mid-grades and four in the SFS). Those not receiving promotions would be retired upon reaching the years-of-service maximum for grades O2 and above. Promotions would be to actual vacancy, as in any closed promotion system, rather than to anticipated/estimated vacancy, as at present.

Promotion numbers would be set on the basis of the number of officers in a given year reaching either the mandatory retirement age of 5 or their years-of-service maximum for a given class, plus anticipated attrition calculated from historical data. Promotion would actually occur based on merit by seniority as vacancies crop up as individuals actually leave the Service. Greater than anticipated attrition would result in

CHART IV
Career Promotion Flow



*Years of service (cumulative). Numbers in parentheses represent minimum years of service required for promotion eligibility at that rank; the other number represents the years of service maximum for that rank.



**03 not promoted to 02 will be retained for 2 additional years to reach retirement eligibility. They will not be considered for promotion during that period, however.

additional promotion opportunities the following year, with stretch assignments to fill vacancies in the meantime.

Promotion competition at all grades would be class-wide. Selection Boards would meet in a two-stage process. Members would first be instructed to select the most able Officers in the class for promotion. They would then be informed of the precise number of promotions to be

awarded at that grade and of the mix of skills and experience for which management has need at the next level. For example, a State Board, in considering how to award 60 promotions, might be instructed to consider the Service's need at the next grade for seven Officers with solid consular experience and ten Officers with economic expertise, of whom two should have served in the Middle East and one in Japan, etc. The Board would then review the backgrounds of the "most able" Officers it had previously identified and produce a list of only as many Officers as promotion opportunities exist. To the extent feasible, the mix of skills and experience needed at the next grade would also be met by this list. These Officers would then be promoted by seniority as vacancies occur. (See Appendix IV.)

The Commission recommends limiting other agency representation on promotion panels to employees of the foreign affairs agencies. The Commissioners believe that members of the Service are best able to judge each other's performance and potential and would thus prefer to have only one outsider, the public member, participate.

The activities of the Selection Boards are so important to the Service that only Senior Officers should sit on them, except perhaps at the 03/04 level. Because of minimum time-in-class and years-of-service requirements, the Boards would be reviewing fewer files than is now the case. Service on Selection Boards should be a major aspect of senior Officers' career responsibilities.

The Commission would also stress the need for the Board to consider more than just the narrative sections of employee evaluation reports. Assignment pattern and selection for and participation in training and stretch assignments are also relevant factors. The employee performance file should also include a statement prepared by the Officer's CDO outlining expected career path and the extent to which the Officer has been able to secure the prescribed mix of training and assignments. When an Officer takes on an assignment in response to urgent Service needs (perhaps thereby deviating from the career path), the CDO would bring this to the Board's favorable attention. To allow for employee comment on CDO statements, the statements could be cabled to post and the employee invited to comment on them.

Untenured Junior Officers would receive automatic promotion from 06 to 05 at the end of three years' service. In exceptional circumstances, this promotion could be denied on the basis of more than one rating/reviewing Officer's recommendation. This would amount to separation for cause and would thus occur only rarely.

The rate of promotion the Commission envisages would largely obviate the need for limited career extensions at both the senior and mid-levels. But this authority should be retained and used as a management prerogative for a set period when an individual with specific skills not otherwise available within the Service is needed to fill a

specific job. The Commission emphasizes that the use of an LCE would result in lost promotion opportunity into the class of the individual being retained. For example, the retention of one MC would automatically result in the reduction of OC promotion opportunities by one, and so on down the line.

Despite the rarity of its use by agencies other than AID, the Commission recommends the retention of selection-out for relative performance. Individuals performing below the standards of their class ought to be separated at all levels. The Commissioners urge the other agencies to find ways to reinvigorate this process, which AID successfully employs.

In addition to the time-in-class and years-of-service minimums already discussed, Chart IV also sets out illustrative years-of-service maximums for each grade. The Commission recommends seeking amendment of the 1980 Foreign Service Act to allow the payment of annuities to employees involuntarily retired with a minimum of 20 years' service regardless of age.* At grades 02 and above, the years-of-service maximums proposed would allow for 20 years' service. For class 03 Officers not promoted to Class 02, the Commission recommends their retention for an additional two years beyond their prescribed 18 years-of-service maximum to allow them to qualify for an annuity. This would, of course, mean a reduction in the number of promotion opportunities into Class 3 for the period of time those employees remain on board. These individuals would not be considered for promotion during this additional two-year period.

The Commission's recommendations also mean that the Act would have to be amended to remove the provisions relating to the Senior Foreign Service "window." SFS consideration would no longer be at the individual's discretion, but rather an automatic function of years-of-service and time-in-class. These and other items requiring legislative action are noted under **Implementation**, page 36.

The existing performance appraisal system is inadequate. It often lacks candor and is influenced too much by the eloquence of the Rating and Reviewing Officers. It must meet the needs of the new promotion system and career management process.

*The law currently provides for voluntary retirement with an annuity for Foreign Service employees with 20 years' service at age 50 and above and for the awarding of an annuity to FO-1s who opt for SFS consideration and are not selected for promotion to OC.

Labor-Management Relations

Management should not belong to the bargaining unit. The comingling of the functions of professional associations with those of labor unions has created a situation in which members of senior management are also members of bargaining units with which management negotiates labor-management issues. This situation had given rise to a perceived conflict of interest.

To correct this perception, steps must be taken to separate professional association and labor union functions from each other. But all members of the Service should have the opportunity to belong to a professional association of their choosing, while members of senior management should be excluded from membership in the bargaining unit. Conversely, employees other than members of senior management should have the benefits accruing to membership in a bargaining unit. The Commissioners define senior management to include SFS members, senior management FSO-1s, plus any personnel administrative officials and appropriate supervisory personnel, analogous to Title VII of the Civil Service Reform Act of 1978.

Grievances

Accelerate grievance processing and abolish routine prescriptive relief. Unlike the Civil Service grievance process, the Foreign Service Act allows the Grievance Board to provide "prescriptive relief" for grievants, permitting them to remain on the payroll and accrue additional retirement credit. The provision of prescriptive relief has become automatic pending the frequently lengthy resolution of grievance cases. This serves not only to encourage grievances over minor, technical issues, but costs the taxpayers substantial sums in salary and retirement benefits. The Commission was told that in calculating promotion opportunities, the agencies include vacancies generated by the departure of employees who have not in fact left the system, since many Officers who are involuntarily retired opt to pursue grievances, either group or individual.

The Commission sees no basis for affording the Foreign Service far more generous grievance procedures than the Civil Service, and therefore recommends that the 1980 Act be amended to remove interim prescriptive relief in Service separation cases. At the same time, however, the grievance process often is too lengthy, and the grievant is denied an expeditious resolution of his or her case. To correct this, the Commission recommends that the 1980 Act be amended to require the Board to hold a hearing within 90 days of receiving a formal grievance and proffer a decision 90 days thereafter. (See Implementation, p. 36.)

Further, individual Foreign Service employees should be made responsible for ensuring that their performance files are complete and up-to-date before the files go to the Promotion Boards. Automation of files, as discussed below, will make this easier. Questions of alleged inaccuracy, omission, errors, or falsely prejudicial information that could be harmful to the member will be referred to the Records Correction Board (see Appendix III) rather than to the Grievance Board. In order to implement this, Section 1101(e) of the Foreign Service Act of 1980 must be deleted.

With the reduction in the number of routine, technical grievances filed, the Commissioners believe the Grievance Board can be held to a maximum of 180 days for the adjudication of all grievance cases. In those instances in which Service separation is at stake, the employee should be separated as scheduled, with back pay and benefits to be awarded retroactively should the case be decided in the employee's favor.

Automation

Implement a responsive automated personnel system. The Commissioners welcome efforts to improve agency personnel modeling capacities. But full automation of the personnel system is indispensable to the effective implementation of the personnel model the Commission has developed for the Foreign Service. Such automation would make possible accurate modeling of the agencies' workforce requirements, the setting of hiring goals, the determination of promotion numbers, and other related personnel processes.

A computerized system for the tracking and maintenance of individual employee personnel files would allow employees to assume responsibility for ensuring their files are complete and up-to-date. The automated system should also provide for interactive data communications between overseas posts and the Personnel Bureau's career development staff, as well as with the office responsible for the overall management of the automated system. *Only through the development of a fully automated system can the agencies be assured of timely, effective, and responsive human resources administration.*

Long-Term Societal and Environmental Considerations

More serious challenges ahead. In spite of problems arising from implementation of various provisions of the 1980 Act, the Commissioners leave their task convinced that many of the Service's most serious challenges stem from changes in American society and the world, over which the Service itself has no control.

One basic reality is the progressive decline in the attractiveness of overseas service. Foreign Service employees and their families have long coped with isolation, disease, poverty, and political instability. But the added threat of terrorist activity, hostage-taking, or assassination puts a strain on day-to-day living when neither home nor office offers a secure refuge from the determined terrorist, even in a seemingly "safe" environment such as Western Europe.

Coupled with the rise in terrorism has been a decline in the financial incentives for service abroad, especially since Foreign Service spouses face extremely limited job opportunities abroad. While the agencies have made concerted efforts to expand employment opportunities both within Missions and by negotiating reciprocal work agreements with other governments, prospects remain quite limited, especially for spouses with professional credentials.

The situation today contrasts sharply with that of 40 years ago, when the female spouses of Foreign Service employees by-and-large accepted that their husbands' careers would take precedence and that they and their children would accompany the employee wherever the Service sent him. These women made valuable contributions to their husbands' careers, to the communities in which they lived, and, in many cases, to the conduct of relations with the host governments concerned. But they did so largely without pay or recognition.

The aspirations of most women have changed radically since then. Community service is no longer viewed as an acceptable alternative to a career. Women work not only for the economic benefits employment brings them and their families, but to establish and further careers that are as essential to their self-identity and sense of self-worth as those of their partners in marriage. And increasing numbers of male Foreign Service spouses face the same reality of extremely limited job opportunities overseas, particularly for those who seek to build careers with some degree of employment continuity and reasonable prospects for advancement.

One manifestation of the rise of the two-career family in American society is the growing number of "tandem" couples in the Service, couples in which both partners are full-time career employees of one of the foreign affairs agencies. To date, the Service has done a fair job of accommodating the desire of such couples to pursue their careers through a series of joint assignments domestically and overseas, while balancing the interests of nontandems who are in competition for the same positions. Though concern has been expressed that the Service's ability to accommodate tandems will decline as these employees rise in rank and as their numbers grow, the assignment dilemmas posed by this group of employees pale beside those of their colleagues whose spouses' careers lie outside the Foreign Service.

One other trend that the agencies face is the increasing tendency of recent entrants to the workforce to switch employers and/or careers repeatedly during the course of their working lives. While Foreign Service employees in the past generally considered that both they and their employer were making a commitment to a lifelong career, that sense of commitment is being called into question both by the increasingly rigorous up-or-out system imposed by the 1980 Act and by changing employee attitudes. The new portability of Federal retirement benefits, which are now tied to the Social Security system, can only compound this trend.

Research suggests that employees, both male and female, increasingly weigh a variety of family-related concerns as they consider whether to seek or continue employment with a given employer. These factors include such matters as the reluctance of employees to accept transfer to new locations because of their spouses' career interests, the special needs of single parents, the rising demand for quality child care and quality care for elderly parents for whom employee may be responsible, and the desire of some working parents for part-time employment or job-sharing arrangements to afford them more time with their young children. These family-based issues can only grow in importance as the proportion of women in the workforce continues to rise (as statistical studies demonstrate it will). In the case of the Foreign Service, these factors are compounded in many cases by the realities of overseas living conditions and the dynamics of foreign cultures.

While the Commissioners see no easy solutions to the difficulties of reconciling Foreign Service imperatives with changing U.S. social practices, they are concerned at the cost to the agencies in question and to the public interest if the agencies fail to do so. As a first step, the Commissioners encourage the agencies to investigate in detail the factors most important to existing and entering employees in their decisions to seek and continue Foreign Service careers and to explore ways to accommodate cited problems through more flexible application of existing personnel authorities. The Foreign Service Act provides the agencies far greater latitude in dealing with their Foreign Service employees than comparable Civil Service regulations (in granting leave without pay, for example). The issue, the Commissioners would stress, is not one of responding to employee needs, as legitimate as they might be, but of ensuring the agencies' ability to compete effectively for scarce worker resources in the increasingly tough job market of the future. Given the importance of the missions that the agencies are charged with carrying out, they must be able to attract and retain the most qualified and competitive employees in the workforce.

The Commission further recommends that the Director General, on behalf of all the foreign affairs agencies, commission an outside study to address the problems enumerated above and recommend appropriate solutions.

Implementation

Implementation of the Foreign Service personnel system reforms described herein must begin under the leadership of the Secretary of State. If the Secretary accepts the report's conclusions and endorses its recommendations, the reform process can go forward. But without the full, continuing, and direct support of the Secretary, the reform process cannot achieve its goals and would be better not started.

The Secretary's complete and continuing support is a necessary but not sufficient condition for implementation. The acceptance and support of the Administrator of the United States Agency for International Development and the Director of the United States Information Agency also are essential to successful implementation. And the Congress must be a partner in total commitment to the reform effort, for if the necessary resources are not provided on a continuing basis, the reformed system the Commissioners recommend cannot meet the nation's needs.

The Commission recommends that the Director General initiate the implementation program with a complete workforce requirements determination. Each agency must define the mission of each of its separate parts and must determine how many and what kind of employees are needed to carry out that mission. Simultaneously, each agency must undertake a thorough position classification review and reclassification exercise to reconfirm its workforce structure and reshape its position distribution profile as sketched out in Charts II and III.

With the classification reviews and workforce requirements determination completed, the agencies will be able to draw up implementation plans and schedules and estimates of additional funding requirements to cover the costs of needed personnel, more and better training, and full automation of the personnel management systems. Once those plans have been drawn up and those numbers calculated, the agencies can undertake to secure Congressional authorization, legislative changes, and first-year appropriations.

This first phase of the implementation process will require roughly one calendar year.

The second phase of the process must begin with the restructuring of the Bureaus of Personnel of the agencies, particularly the recruitment, career development, and assignment branches. All CDO's must be selected and trained for their new responsibilities. The new examination/recruitment process must be put into place, a revised evaluation system needs to be tested and adopted, new training programs and raining-assignment sequences worked out, and a new tenuring process developed.

The end of the second phase, roughly two years following initiation of the implementation plan, will see the agencies now ready to bring on board their first class of "reform" Junior Officers and to make their first "reform" assignments. From that point, an estimated six years will be needed to convert the current system into the "reform" system.

During the implementation/conversion period, a number of "grandfather" or special transitional rules will have to be adopted to facilitate the changeover without damaging any Officers. The Commission recommends in particular that the Service adopt a 12-year SFS multigrade time-in-class for Officers who have reached the MC level. The Service already has lost too many relatively young, highly talented Officers who made their way up the ranks very quickly but were then involuntarily retired after five years in grade. Moving immediately to a 12-year multi-grade TIC for MC's will avoid a further serious depletion of that valuable Officer resource until the recommended changes in the Senior Foreign Service structure are in place. In the same time period, the Service would do well to begin utilization of the LCE authority on a much more restricted basis than is now the case.

Legislative Changes

Following are 12 legislative changes required in order to implement the recommendations of the Commissioners.

- Delete Section 202a(2) and Section 202a(3). Renumber Section 202(a) (1) as Section 202(a).

Analysis of the Amendment. This removes the Foreign Commercial Service, the Animal and Plant Health Inspection Service, and the Foreign Agriculture Service from the Foreign Service Personnel System. These agencies are small in size and their members are concentrated in only two or three grades. As a consequence, a closed personnel system cannot work. The Commissioners think those members of the Department of Commerce and the Department of Agriculture who are serving overseas should accrue benefits as if they were in the Foreign Service, but should revert to regular GS benefits when in the United States.

- Delete Section 203(b); renumber Section 203(a) as Section 203

Analysis of the Amendment. Under the current law, Section 203(b) contradicts Section 203(a). The purpose of this amendment is to allow the restructuring of the Foreign Service Personnel System. The Commissioners have recommended that the Director General be the head of the entire Foreign Service, and that each of the constituent agencies (State, AID, and USIA) have a Director of Personnel for both Foreign and Civil Service employees.

- Delete Section 1101(E), Section 1107(b)(1), and reletter and renumber.

Analysis of the Amendment. Alleged inaccuracy, omissions, error, or falsely prejudicial information in the official personnel record should not be grievable. These issues should be referred to the newly created Board of Record Correction. By removing these administrative issues from the purview of the Grievance Board, the Board will be better able to expeditiously address major grievances.

- Section 1106(1), **Board of procedures.** Replace: "The Board shall conduct a hearing at the request of a grievant..." with: "The Board shall conduct a hearing within 90 days following the request of a grievant...."

Analysis of the Amendment. This amendment requires the Board to hold a hearing within 90 days following the request of the grievant.

- Section 1107, **Board of Decisions.** Replace "...shall expeditiously decide the grievance ..." with "...shall decide the grievance within 90 days..."

Analysis of the Amendment. Although the law states that the Board should expeditiously decide grievances, many cases take one or two years to decide. This is unfair to the individual and to the system. The Commissioners believe that such long delays are detrimental to everyone's interest.

- Amend Section 1106(8) by deleting "... the involuntary separation of the grievant..." and adding the following sentence at the end of Section 1106(8): "Prescriptive relief shall not be applied in Service separation cases."

Analysis of Amendment. This amendment eliminates the Board's ability to provide prescriptive relief (continuation on the payroll) in cases of Service separation. Other government employees do not have such rights. Some 50-100 Officers are currently on prescriptive relief. Officer rights are protected in two ways: 1) they are notified a year prior to their departure from the Service, and 2) the Board will be required to render a decision within 90 days.

- Section _____, to be inserted at the appropriate place, into PL-96-465 as amended: "A member of the Service who is not promoted from 03 to 02 in 18 years will be allowed to continue serving for an additional two years. After completing 20 years of service, the member will be eligible to retire, receiving benefits in accordance with Section 806, notwithstanding any other provision of law."

Analysis of the Amendment. This amendment allows a member of the Service the ability to retire at the 03 rank, if not promoted, regardless of age after completing 20 years of service. The number of individuals who would be eligible for this provision would be small, but it is necessary in order to maintain the integrity of an up-or-out system.

- Section 309(a), **Limited Appointments.** Replace "...may not exceed five years in duration..." with "...may not exceed six years in duration and..."

Analysis of the Amendment. This amendment increases the length of the Limited Appointment Authority from five years to six years. This is necessary in order to give the Officer sufficient opportunity to demonstrate his/her abilities prior to tenuring.

- Section _____, **Authorized Strength of the Foreign Service**, to be inserted where appropriate.

“(a) Whenever the needs of the Service require, but at least once each fiscal year, the Secretary of State, in consultation with the heads of other agencies, shall prescribe the total active-duty strength as of the end of the fiscal year for tenured and untenured Foreign Service Officers.

“(b) Each fiscal year, Congress must authorize a maximum number of Officers at each rank in the Foreign Service as presented by the Secretary of State.”

Analysis of the Amendment: The Commissioners determined that the maximum number of Foreign Service Officers and the maximum number at each rank should be authorized by Congress as in the case with the Armed Forces. While not the preferred course, the Commissioners noted that, without outside restraint, the number of senior Foreign Service Officers exceeded positions available or the needs of the Service. The percentage of Senior Foreign Service Officers has reached nearly 20 percent of the entire Foreign Service. The Commissioners believe no more than 17 percent of the tenured officers should be in the Senior Foreign Service.

- Section _____, **Limitation on Political Appointees**, to be inserted where appropriate.

“The number of political appointees to positions available for Senior Foreign Service Officers should not exceed 12 percent of the total number of Senior Foreign Service Officers.”

Analysis of the Amendment: This limits the total number of political appointees to 12 percent of the Senior Foreign Service. This includes Ambassadors, Under Secretaries, Assistant Secretaries and equivalents, and Deputy Assistant Secretaries. With so many positions being designated Ambassador-at-Large or Assistant Secretary-equivalent, a limitation on the overall number of political appointments is appropriate. For example, if the Senior Foreign Service had an authorized strength of 600, then the number of political appointees would be limited to 72. The total number of Senior Foreign Service positions would be a total of 672.

- Section _____, **Records Correction Board**

“(a) The Foreign Service Records : Correction Board (hereinafter in this section referred to as “the Board”) shall consist of no fewer than three members, who shall be independent, distinguished citizens of the United States, who are not employees of the Foreign Service Agencies or Members of the Service.

"(b) The Chairperson and Members of the Board shall be appointed by the Secretary of State.

"(c) Members of the Board who are not employees of the U.S. Government shall be paid for each day they are performing their duties (including travel time) at the daily equivalent of the maximum rate for Grade GS-18 of the General Schedule under Section 5332 of Title 5, United States Code.

"(d) The Secretary of State may, upon written notice, remove a Board member for corruption, neglect of duty, malfeasance, or demonstrated incapacity to perform his or her function.

"(e) The Board may obtain facilities, services, and supplies through the general administrative services of the Agencies.

"(f) The Board may adopt regulations concerning its organization and procedure.

"(g) Primary responsibility for the accuracy of an Officer's personnel records rests with the Officer. In situations where the personnel office responsible for the maintenance of the records and the Officer disagree on what material should or should not be included in the permanent file of the Officer, the issue is referred to the Board.

"(h) The Board shall expeditiously decide and proscribe a remedy. In each case the decision of the Board shall be in writing."

Analysis of the Amendment: As in the military service, this amendment places primary responsibility for the accuracy of Officer records on the Officer. Disputes over the accuracy of the record between the personnel office and the Officer will be referred to the newly created Board of Records Corrections rather than the Grievance Board. Record maintenance issues should not fill the agenda of the Grievance Board, when more pressing issues need to be addressed.

- Amend Section 601(c)(1) to read as follows: "(c)(1) Promotions into the Senior Foreign Service shall be recommended by the selection boards only from among career members of the Service assigned to Class 1 in the Foreign Service Schedule."

Analysis of the Amendment: This change eliminates the decision of Foreign Service Class 1 Officers to open their promotion window into the Senior Foreign Service. All Class 1 Officers would be considered for promotion into the Senior Foreign Service as soon as they have spent a required minimum time in class. The Officer would remain eligible for promotion consideration until reaching an overall maximum time in Service for an Officer attaining the Class 1 rank. The current practice of having a six-year window would be eliminated, thereby eliminating the situation in which rapidly promoted Officers could have their careers cut short because they chose to open their windows early.

Glossary/Explanation/Terms

FS—abbreviated designation of a career member of the Foreign Service. It is normally used together with a numerical expression of personal rank such as FS-6, FS-3, FS-1.

FSO—abbreviated designation of a Foreign Service Officer before the passage of the 1980 Foreign Service Act. FSO also was used with a numerical expression of rank such as FSO-1, FSO-5, FSO-7. FSO connoted Officer status and rank, while FSS connoted staff or support staff and rank. Although the 1980 Act eliminated some of the differences between Officer and staff personnel, the term FSO remains in use.

SFS—abbreviated term for the Senior Foreign Service, which is the Foreign Service version of the Senior Executive Service.

SFS Window—the Foreign Service Act of 1980 states that a Foreign Service member of Class 1 may be considered for promotion into the Senior Foreign Service over a period of time or number of years prescribed by the Secretary of State. The period of time or number of years is called the Senior Foreign Service promotion window. Under current law and practice, the employee opens his or her own window. If the employee is not promoted during the period allowed, the window closes and the employee thereafter is not eligible for promotion into the Senior Foreign Service.

Senior Threshold—used informally to describe the promotion from FS-1 to the entry-level rank of the Senior Foreign Service. This term reflects an Officer's readiness to serve in the most senior positions of the U.S. Foreign Service.

OC—abbreviation for the rank title Counselor, which is the entry grade of the Senior Foreign Service.

MC—abbreviation for the rank title Minister Counselor, the second career grade of the Senior Foreign Service.

CM—abbreviation for the rank title of Career Minister, which is the highest grade level of the Senior Foreign Service. A very limited number of Career Ministers have the personal rank of Career Ambassador, conferred by the President in recognition of especially distinguished service over a sustained period.

Limited Career Extension (LCE)—limited extension of the career appointments of members of the Foreign Service whose maximum time in-class has expired.

Cone System—members of the State Department Foreign Service are grouped by grade and functional category for purposes of assignment and promotion. These promotional groupings are called cones.

Bid System—the assignment process employed by some Foreign Service agencies begins with the submission of statements of employee assignment preferences, or bids. Bid lists are submitted by each Officer, and assembled for each position that needs to be filled. In most cases, the person assigned to a position will have "bid" on the assignment and person receiving the job will have been selected from among "bidding" Officers.

Up-or-Out System—a personnel system that features the automatic departure from the system of an employee who has failed to earn a promotion in a prescribed number of years.

Commissioning and Tenure Board—a board of Foreign Service members established under Sec. 306(a)(2)(b) to evaluate Career Candidates in order to recommend to the Secretary which ones should be offered career appointments to the Foreign Service.

Senior Seminar—the year-long training program offered by the Foreign Service Institute for Senior Foreign Service Officers of exceptional promise.

AFSA—the American Foreign Service Association.

AFGE—the American Federation of Government Employees.

Closed Personnel System—a bottom-entry personnel structure.

Rank-in-Person—personnel system in which an employee's personal rank is not dependent upon the classification of the position to which assigned.

Rank-in-Position—personnel system in which an employee's rank is directly related to the classification of the position to which assigned.

Defined Position/Grade Structure—precise definition of the agency's needs by position, including a specification of the grade level of the position and the skills required to fill it.

Defined Workforce Requirements (in terms of total authorized positions and authorization by class against the mission)—precise definition of the human resources needed to accomplish the agency's mission, as set forth in authorized workforce strength.

APPENDIX I

Interim Report of the Commission on the Foreign Service Personnel System

I. Introduction

The 1988-1989 Foreign Affairs Authorization Act directed the Secretary of State to appoint a five-member commission to review the Foreign Service personnel system and instructed the Commission to report its findings to the Secretary and the Congress not more than one year from the date of enactment of the Authorization Act, that is by December 22, 1988. The process of appointing the Commissioners, which by law was to be carried out in consultation with the Congress and the exclusive employee representative organizations, took approximately six months. At the outset of their tenure, the Commissioners informed both the Secretary and the Congress that because of the length of the appointment process, they would not meet the deadline set in the Act. They would instead seek to produce an interim report by the legislated due date and a final report early in 1989. This is their interim report.

This report reviews the Commission's membership, its mandate, the context in which it sees the Foreign Service carrying out its functions in the coming years, the approach which the Commission took in organizing its activities, and its observations thus far. The report also identifies the issues that were of greatest concern to the employees and agency managers with whom the Commissioners spoke.

II. Membership

The Commission on the Foreign Service Personnel System is chaired by John M. Thomas, who retired from the Foreign Service serving last as Assistant Secretary of State for Administration. The other members are: former Director General and Director of Personnel Alfred L. Atherton, Jr., former Senate Foreign Relations Committee Staff Director M. Graeme Bannerman, retired Vice Chair of the U.S. Merit Systems Protection Board and former President of the New York State Civil Service Commission Erska H. Poston, and Civilian Personnel Director for the U.S. Air Force Pat L. Schittulli.

III. Mandate

The 1988-1989 Foreign Affairs Authorization Act instructed the Commission to:

... conduct a study of the Foreign Service personnel system, with a view toward developing a system that provides adequate career stability to the members of the Service.

The Commission interpreted this language broadly to cover the Foreign Service personnel systems of the five agencies authorized to use the Foreign Service Act of 1980—the Department of State, the United States Information Agency, the Agency for International Development, the Foreign Commercial Service of the Department of Commerce and the Foreign Agricultural Service and Animal and Plant Health Inspection Service of the Department of Agriculture. Initially, the Commission looked at the ways in which each of these agencies operates in the areas of: recruitment, examination and appointment; career management to include training, assignments and promotion; retention and retirement; as well as the overall administration of their personnel systems. Following its initial broad review, the Commission focused its efforts in general on the agencies with a predominant Foreign Service personnel complement—State, AID, USIA. However, most of the comments and observations at the end of this report relate to State's Foreign Service personnel system. Our final report will deal as necessary with the other agencies as well.

The Commission has not interpreted its mandate to encompass the pay and benefits provided Foreign Service employees except to the extent these factors may prove relevant to its conclusions about the personnel policies of the systems it studied.

With regard to the concept of "career stability"—the question which the Authorization Act put at the heart of the Commission's mandate—the Commissioners have not equated "career stability" with "lifetime career security." Rather, they have defined it to mean that a Foreign Service career should be governed by a personnel system that (1) has predictability, stability and consistency and (2) is fair and equitable and provides members of the Service an opportunity for professional satisfaction and meaningful public service.

The Commission started from the premise that the Foreign Service Act of 1980 was designed to give the foreign affairs agencies the necessary authority to maintain an effective cadre of personnel to staff the conduct of U.S. foreign relations. To that end, it was understood, those agencies would have to:

- Define their staffing needs, both quantitative and qualitative, in terms of their specific missions;
- Develop competitive career systems which meet those needs; and,
- Ensure equity, fairness and career opportunity as defined above for all personnel in those career systems and allow for mobility among career categories.

These, then, are the standards against which the Commissioners judged the personnel system brought into being by the 1980 Foreign Service Act.

IV. Role of the Foreign Service

The Commissioners considered it vital to their deliberations to define the role and functions of the Foreign Service. They approached this task in three ways—reviewing first the Congressional testimony and legislative history in order to establish the broad mission of the Service as defined in the 1980 Act, looking next at the international context in which the Service seeks to accomplish its mission today and investigating finally the specific functions assigned to the Service by the 1980 Act. The Commissioners recognized that the dramatic changes that took place in the foreign affairs environment between 1946, when the first comprehensive Foreign Service Act was passed, and 1980 had necessitated in part the adoption of a new legislative basis for the Service. They considered also that the increasing complexity of foreign policy issues in the eight years since the Act came into effect has made even more important today the question of whether the Service is in a position to carry out its vital functions.

A. Legislative Foundations

Title I, Chapter 1, Section 101 of the 1980 Foreign Service Act provides:

- that a career Foreign Service is essential to assist the President and the Secretary of State in the conduct of U.S. foreign relations;
- that the scope and complexity of foreign affairs have heightened the need for such a service;
- that the Foreign Service must be preserved, strengthened, and improved in order to carry out its mission effectively in response to the complex challenges of modern diplomacy and international relations; and,
- that the members of the Service should be representative of the American people, knowledgeable of both U.S. and foreign cultures—including foreign languages—and available to serve in assignments throughout the world.

B. Current Foreign Policy Context

The world in which the United States finds itself today is vastly different from the one in which it first undertook international responsibilities on a global scale at the end of World War II. The U.S. is no longer, as it was in 1945, the world's preeminent economic and military power. The international economic system which we once dominated increasingly resembles a tripolar system in which the U.S., Japan and the soon-to-be fully integrated European Economic Community carry roughly equal weight. And we compete in this system for the first time in our modern history as a debtor rather than creditor nation.

We—together with our allies—face the uncertainties and opportunities posed by the changes that may be taking place within the Soviet Union. We have recently witnessed a tendency for intractable and destabilizing regional conflicts—in the Gulf, Afghanistan, Angola, the Middle East and the Western Sahara among others—to be amenable finally to settlement through negotiation rather than military means.

We—and all those with whom we share this planet—face an increasing array of global, technological issues that can be dealt with effectively only through multinational means. These issues affect not only the quality of human life, but have the potential to determine whether there will be life at all. They include such matters as arms control, the environment, population, famine and telecommunications. And in assessing these and other factors in the changing foreign policy environment, the Commission recognized also that the link between foreign and domestic policy has grown closer, making it incumbent on our national decision-makers to consider both sets of factors in setting policy.

With both the world and the role of the U.S. in that world in a state of transition, it seems clear that the preservation of peace abroad and of freedom and economic opportunity at home—our nation's core interests—will in future depend increasingly on our capacity for effective diplomacy and creative thinking as well as on more conventional measures of our nation's relative strength. In the Commission's view, the Foreign Service of the United States is an indispensable institution on which the nation—and its elected leaders—will need to draw if our foreign policy is to be adequate to today's challenges.

In this connection, the Commissioners would stress that utilization of the Foreign Service as envisaged in Title I of the Act would go far towards strengthening the Service's sense of purpose and enhancing its ability to compete with other employers in attracting and retaining qualified people.

C. Specific Mission of the Foreign Service

The functions of the Foreign Service are set forth in the 1980 Foreign Service Act (Sec. 104). As enumerated in the Act, those functions were three, to which the Commission would add a fourth:

1. *To represent the interest of the United States in relation to foreign countries and international organizations and, as appropriate, to perform functions required by international agreements to which the U.S. party or by U.S. law (including such traditional diplomatic tasks as presenting U.S. views to other governments, persuading other governments to adopt policies favorable to U.S. interests, negotiating international agreements, providing consular services mandated by law and regulation (including services for American citizens abroad), informing foreign publics about the U.S., administering foreign assistance programs and promoting U.S. exports);*

2. *To provide guidance for the formulation and conduct of programs and activities of the State Department and of other agencies which relate to U.S. foreign relations* (assisting the President and the Secretary of State in the formulation and conduct of U.S. foreign policy and carrying out the reporting and analysis function which is essential to that task);

3. *To perform functions on behalf of any agency or other government establishment (including any establishment in the legislative or judicial branch) requiring such services* (serving in essence as the overseas arm of the entire U.S. Government); and,

4. *To provide the necessary administrative support to accomplish those goals.*

V. Approach

In approaching its study, the Commission was conscious that the agencies that use the personnel system mandated by the Foreign Service Act faced the difficult task in 1980 of implementing a new piece of legislation which, while modeled to some extent on the preceding 1946 Act, introduced a number of significant changes in their personnel systems. Full implementation of the Act did not in fact begin until February 1984, as anticipated in the grandfather provisions of the Act. In such circumstances, it is quite reasonable to examine whether some adjustments may be needed either in the legislation itself or in its implementation.

In conducting its review, the Commission's intention is to identify areas where adjustments are needed and to offer recommendations for these changes.

The Commission convened for the first time on June 13, 1988 and has met, *inter alia*, with:

- Personnel managers and other senior officials of the five foreign affairs agencies;
- Exclusive employee representative organizations;
- Congressional staff;
- Officials of the Office of Management and Budget, the Office of Personnel Management, and the General Accounting Office;
- Groups of various categories of employees; and,
- Individual employees on request.

The Commission also held two open meetings for employees of the foreign affairs agencies, one of which was also open to the general public.

VI. General Observations

The Commissioners recognized that theirs was not the first in-depth examination of the Foreign Service personnel system. There have, in fact, been at least six formally commissioned studies of the Foreign Service since World War II. Many of the same problems and issues have been considered in each of these studies. For example, the question keeps arising whether there should be a unified personnel system to serve the State Department's domestic and overseas needs, or whether there should be separate Foreign Service and Civil Service systems. Two of the six studies in question have argued for a unified system, one for distinct domestic and overseas categories within a single Foreign Service system, while the other three have concluded that a unified system is not feasible.

A recurrent problem, particularly at State, is that the Foreign Service personnel system, while conceptually integrated, does not seem in practice to function as a coherent, integrated whole. One observer found that the "system" in fact is a series of discrete personnel processes—recruitment, appointment, training, assignment, promotion and retirement—which are carried out almost independently of one another and without clear relationship to the articulated Service mission set forth above.

The Commission heard plentiful anecdotal expressions of foreign Service employee dissatisfaction with the general terms and conditions of employment and with management's implementation of specific provisions of the 1980 Act. However, some other indicators, such as low attrition rates, do not support the view that Foreign Service morale is so low that people are leaving the Service in large numbers.

It did become clear to the Commission, however, that there is widespread uncertainty and apprehension among employees at all levels as to how the personnel system is structured, how it functions, what the current rules of the game are, how long those rules will remain in place, and what kind of a career the Service now offers. It should be noted that management itself is not satisfied with all current Foreign Service personnel policies and procedures. In fact, after the Commission was organized, management approved a number of personnel system changes which had been recommended by a task force on management reform.

The Commissioners found unanimous agreement among management and employees alike that societal and workforce changes are adding severe new strains to Foreign Service personnel systems. The increasing participation of women in the labor force, the emergence of the dual-career family, the growing number of single parent families, the new portability of retirement benefits, a spreading tendency for Americans to shift employers more frequently than in the past are some of the changes occurring in our society and workforce which will need to be

factored even more than is now the case into the Foreign Service personnel planning and career development process.

Workforce Requirements Determination

- The Commissioners were particularly interested in determining what workforce planning mechanisms and procedures were being utilized at the several agencies, and whether they enabled agency managers to balance manpower requirements with anticipated workloads. A major point of concern was whether all agencies had adopted Satisfactory requirements determination and review processes which take into account all factors affecting workload productivity. Further examination of the agencies' workforce planning processes is required and will be undertaken in fulfillment of the Commission's mandate.

- In a closed personnel system like the Foreign Service's (in which employees enter at the bottom and advance through the ranks), definitions of workforce requirements utilizing computer modeling techniques must underlie staffing decisions. Personnel changes cannot be accomplished overnight since it takes years to recruit, hire, train and develop the people needed to feed the personnel pipeline into the upper ranks. It must be noted, too, that new systems must be given time to mature and that constant changing of these systems could have a counter-productive/disruptive impact.

Recruitment, Examination, and Appointment

- The question was raised whether current officer recruitment practices, which center on the written exam, are sufficient to attract FSO candidates with the right mix of skills and interests who are also broadly representative of the American people. Some suggested a need for more intense targeting of specific segments of the population, i.e. minorities (recruitment of whom is a problem across the board), economics graduates for the economic cone, MBAs for administration, area and language specialists. Others noted that there is no demonstrated correlation between success in the examination process, as measured in the numerical scores assigned candidates on the written and oral examinations, and relative success in the Foreign Service.

- The Commission also found widespread doubt about the validity of the current practice of assigning functional designations (to the administrative, consular, economic and political "cones" as they are called at State) largely on the basis of written exam scores. On the one hand, most candidates pass in more than one functional area, which suggests that the conal questions do not distinguish effectively among applicants with regard to their strengths, interests, or aptitude for specific Foreign Service functions. On the other hand, entering officers forced to accept a designated conal preference before they really understand what the Foreign Service is all about and without realistic expectations regarding their prospects for advancement are not likely to make

satisfactory choices. Many thought that it would be preferable to return to the practice of making cone assignments at the time of tenure rather than at entry. Others felt strongly that the cone system itself should be abandoned.

- There are also problems in the recruitment of service members who are not "exam" officers. The Foreign Service has a vital, continuing need for a wide variety of specialized skills and services not normally associated with the conduct of diplomacy but central to the Service's administrative support responsibilities. (Roughly 50% of the resources of the Department of State are dedicated to the provision of such support.) However, it appears that the Service is encountering difficulty in attracting qualified recruits in such specialized areas as financial management, construction engineering, communications, and secretarial support.

Career Management

A. Training

- There is no disagreement between managers and members of the Foreign Service as to the need for more and better training of employees in all categories. The Service recognizes that its value to the nation lies in the proficiency of its members, and that maximum proficiency and expertise can be attained only through a proper blend of training and experience. Why, then, is training considered to be undesirable by so many employees, and why do managers not give greater stress to the training function? Employees apparently do not pursue training opportunities as they might have some years ago, because training by itself is not conducive to promotion to a higher rank. For the most part, one only gets promoted in the Service on the basis of quality performance on the job, not on other factors including performance in the classroom. There is also little or no relationship between the classroom experience and the quality of performance after training. It is understandable, then, that in a Service governed by "up or out" principles, an employee might conclude that training is an unaffordable luxury. For management, the lack of emphasis on training appears to be a resource question, or at least a resource allocation decision. A number of possible solutions to the training problem were discussed with the Commission.

B. Assignment

- The point was made repeatedly in most of the Commission's sessions with employees and managers that the Foreign Service assignment process is badly in need of overhaul. The integrity of the formal assignments system is widely questioned, as is its capacity to deliver the most qualified officers where their skills are most needed.

- The concept of worldwide availability of Foreign Service employees apparently has been discarded in practice. Instead, employees are assigned on the basis of their expressed preferences among vacant positions subject to rules that deal more with considerations of rank,

cone and length and location of previous assignments than Service need or career development imperatives. Moreover, some units, rather than rely on the central system, have established their own recruitment networks and qualifying procedures.

C. Promotion and Development

- Perhaps the most telling distinction of the assignment/promotion process is the competition among FSO-1 and senior officers to be assigned as a Deputy Chief of Mission. The highly coveted DCM assignments match perfectly senior threshold and senior officer precepts for demonstrated managerial competence.

- On the other hand, Political and Economic Counselor positions, even at our major embassies, are seen not to provide the same opportunity for promotion as a DCM position in a small country. For purposes of competition for promotion across the senior threshold, or within the senior ranks, management of people and functions clearly counts more than the management of issues or government-to-government relationships.

- Another feature of the assignment/promotion/career development process which has fallen into disrepute is the separation of employees and positions by functional categories or cones. The institution of the multifunctional promotion track may portend the eventual abandonment of the cone system, or at least its modification to the point at which it does not encourage or force narrow functional specialization. However, the point was also made that the growing complexity of both foreign policy issues and technical support requirements demands greater rather than less in-depth, job-related expertise.

- The Commission also found widespread concern among all employees—Civil Service as well as Foreign, specialists as well as generalists—over the lack of well-defined career development concepts for employees in all categories.

Separation/Retirement

- Clearly the most controversial and traumatic Foreign Service personnel development in many years has been the involuntary retirement of officers at the O-1 level for failure to be promoted into the senior ranks within the allotted time frame. The involuntary retirement of a number of senior officers through the denial of career extensions has been only slightly less disruptive. Since grievances are pending with respect to some of these personnel actions, it would be inappropriate for the Commission to comment on them specifically. The controversy does raise the question, however, of how or why specific time-in-class periods were chosen and whether there is any reason now to modify them. The 1980 Act provides flexibility on this point, leaving it to the Service to determine how rapidly its "flow-through" mechanism should operate in order to serve the nation's needs. The Commission heard arguments in

favor of flow-through patterns other than the one currently in force and other time-in-class schemes than those currently followed. For example, there is considerable sentiment in favor of providing a minimum of 12 years in the Senior Foreign Service for any officer promoted to the MC Class, the second step within the Senior Foreign Service. There is also considerable Service-wide sentiment in favor of the fall-back provision AID has adopted for its O-1 officers, which allows an officer who has opted to compete for promotion into the Senior Foreign Service to withdraw from that competition and serve out his remaining mid-level time-in-class allotment as an O-1.

- Both employees and managers were concerned that selection-out for relative performance has fallen into disuse. Some doubted, however, that it was realistic to expect the revival of a vigorous, performance-based selection-out system given that Service separation actions are subject to lengthy delays as a result of the grievance process.

VII. Next Steps

The Commission will continue its investigation of these and other personnel issues with the aim of submitting its final report and recommendations to the Secretary and the Congress early in 1989.

APPENDIX II

Acknowledgments

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Susan Andross	<i>Staff Consultant International Operations Subcommittee, HFAC</i>
James A. Baker III	<i>Secretary of State</i>
David Beall	<i>ARA/BRA*</i>
Marcia Bernicat	<i>NEA/INS</i>
Russell Bikoff	<i>AFGE</i>
Steve Block	<i>PER/G</i>
Rob Blackburn	<i>DS/OP</i>
Tim Blackburn	<i>Assistant Director, Human Resources Division, APHIS</i>
Laurance Bond	<i>Director of Personnel, AID</i>
Rudy Boone	<i>PA/Press</i>
Dick Bowers	<i>M/MO</i>
John A. Burroughs	<i>Senior Threshold Board</i>
John Butcher	<i>General Accounting Office</i>
Mary Ann Casey	<i>NEA/AFN</i>
Marshall Casse	<i>EB/PAS</i>
Debbie Cavin	<i>EUR/EX</i>
Frank Chiancone	<i>AFGE</i>
Teresa Chin-Jones	<i>OES/SCT</i>
Philip L. Christenson	<i>Professional Staff Member, SFRC</i>
Joan M. Clark	<i>Assistant Secretary of State for Consular Affairs</i>
Kay Clark-Bourne	<i>FS Ones</i>
John Condayan	<i>Director, Office of Foreign Missions</i>
Claudia Cooley	<i>OPM</i>

* Unless identified elsewhere in this report, these abbreviations stand for offices within the Department of State. The positions cited are those the individuals held at the time of consultation with the Commission.

Louis Davis	<i>Assistant Administrator Management, FAS DS/ST/STO PER/RMA ARA/BRA FSI DS/ATA M/MO PM/SAS</i>
Daryl De Harb	
Alex De La Garza	
Ed Dickens	
Ken Dillon	
Chris Disney	
Terri Duncan	
Mort Dworkin	
Lawrence S. Eagleburger	<i>Deputy Secretary of State D/P&R</i>
Chuck English	
Roger B. Feldman	<i>Comptroller, Department of State Inspector General</i>
Sherman Funk	
Peter W. Galbraith	<i>Professional Staff Member SFRC M/COMP/FO Former Director, Overseas Briefing Center Senior Threshold Board Director for Personnel and Civil Rights, USDOC PER/RMA S/S-0 Director, Foreign Service Institute Assistant Administrator for Personnel and Financial Management, AID DS Deputy Assistant Secretary, PER Professional Policies and Programs Division, DS Senior Officers Association Deputy Assistant Secretary, S/EEOCR Deputy Assistant Secretary, PER</i>
Dan Gamber	
Jean German	
Harry Gilman	
John Golden	
Robert Graninger	
Sandy Grigola	
Brandon Grove	
Robert Halligan	
Nathan Hibler	
Irvin Hicks	
Roy Higgins	
George High	
Clarence Hodges	
Ken Hunter	
Larry Ikels	<i>Chief, FS Personnel Division, USIA</i>
Robert M. Jenkins	<i>Senior Staff Consultant, HFAC EUR/EX</i>
Al Jarek	

Michael Kasten	<i>OMB</i>
Wanda Kennicot	<i>S/S-S</i>
Gordon Klang	<i>OPM</i>
Larry Kozak	<i>FSI</i>
Sheldon Kryz	<i>Assistant Secretary of State for Administration and Information Management</i>
Dan Kurtzer	<i>S/P</i>
Robert E. Lamb	<i>Assistant Secretary of State for Diplomatic Security</i>
Clint Lauderdale	<i>OIG</i>
David L'Heureux	<i>Department of State</i>
Joseph H. Linnemann	<i>M/COMP</i>
Debbie McCarthy	<i>IO/OICP</i>
Beverly McDonald	<i>Senior Threshold Board</i>
Richard McDonnell	<i>Director, Budget and Finance Division, FAS</i>
James A. McGinley	<i>Deputy Associate Director for Management, USIA</i>
Joe McLaughlin	<i>PER/PEE</i>
Patricia Madison	<i>Director, Personnel Division, FAS</i>
Vic Maffet	<i>PER/FCA/TL</i>
Mike Mahoney	<i>CA/OCS</i>
David Mein	<i>Director of FS Personnel, AID</i>
Roger Merrick	<i>FS Ones</i>
Neil Merriweather	<i>Chief, Evaluation/Employee Relations Branch, AID</i>
Maryann Minutillo	<i>M/FLO</i>
Paul Molineaux	<i>FS Ones</i>
Evangeline Monroe	<i>AFSA</i>
Bruce Morrison	<i>A/ISO</i>
Joseph Murray	<i>General Accounting Office</i>
Darlene Namahoe	<i>EUR/EEY</i>
Andrea Nelson	<i>Counsel, House Post Office and Civil Service Committee</i>
Claude Nelson	<i>Acting Deputy Administrator, International Services, APHIS</i>
Michael Newlin	<i>Chairman, Senior Threshold Board</i>
Jerry Nice	<i>ARA/EX</i>

Sandra Odor	<i>IO</i>
Doug Olin	<i>Assistant Director for Budget Systems, Senate Committee on the Budget</i>
Chris Paddock	<i>AFGE</i>
Kenneth Peel	<i>Minority Staff Consultant, Subcommittee on International Operations, HFAC</i>
Edward Perkins	<i>Ambassador to South Africa</i>
Pat Peterzack	<i>Chief, FS Assignments Branch, AID</i>
Michael Pistor	<i>Counselor, USIA</i>
Joan M. Pryce	<i>M/FLO</i>
Lance Putney	<i>DS/OP</i>
Steve Reyner	<i>Chief, Career Development Branch, AID</i>
Rozanne L. Ridgeway	<i>Assistant Secretary of State for European and Canadian Affairs</i>
John Riesz	<i>Assistant Administrator, International Agricultural Statistics, FAS</i>
George Robertson	<i>Director, Human Resources Division, APHIS</i>
Harlan F. Rosacker	<i>Director, Office of Personnel, USIA</i>
Jim Rubbeck	<i>Assistant Administrator, Foreign Agricultural Affairs, FAS</i>
Charles Saisson	<i>Chief, Personnel Programs, Personnel Division, FAS</i>
Peter Sarros	<i>Senior Officers Association</i>
Bruce Sasser	<i>OMB</i>
Teresita Schaffer	<i>NEA/EGY</i>
Ivan Selin	<i>Under Secretary of State for Management-designate</i>
Perry Shankel	<i>AFSA</i>
George Shultz	<i>Former Secretary of State</i>
Sabine Sisk	<i>AFSA</i>
Diana Smith	<i>EUR/P</i>
Richard Smith	<i>Senior Officers Association</i>
Ronald I. Spiers	<i>Under Secretary of State for Management</i>

Jay Spiker	<i>Chief, Recruitment Branch, AID</i>
John T. Sprott	<i>Deputy Director, FSI</i>
Chris Stockman	<i>PER/FCA/EUR</i>
William Swing	<i>Deputy Assistant Secretary, PER</i>
Betty Swope	<i>CA/EX</i>
Jim Tull	<i>PER/FCA</i>
Cyrus R. Vance	<i>Former Secretary of State</i>
Ed Vasquez	<i>ARA/AND</i>
Ann Veneman	<i>Associate Administrator, FAS</i>
Marcia M. Verville	<i>Professional Staff Member, SFRC</i>
George S. Vest	<i>Director General</i>
Calvin Watson	<i>General Accounting Office</i>
Dick Welton	<i>Deputy Assistant Administrator, Foreign Agriculture Affairs</i>
John C. Whitehead	<i>Deputy Secretary of State</i>
John Williams	<i>Deputy Assistant Administrator, Management, FAS</i>
Larry Williamson	<i>PER/PE</i>
Marilyn Wanner	<i>DS/CC</i>

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APPENDIX III

Correction of Foreign Service Personnel Records

- I. Purpose.** The Foreign Service Board for Correction of Personnel Records will be the highest level of administrative appeal for correcting personnel records. The Board will convene to consider all applications brought before it to determine the existence of an error or omission. The Board will make recommendations, when appropriate, to the Director General, consistent with existing laws. The Board will not consider grievance cases.
- II. Board Composition and Procedures.** The Director General shall appoint only senior non-Foreign Service Officers as Board members. The Board, consisting of at least three members, will consider all cases brought before it in either closed or open sessions to decide whether an error or omission exists. Board members vote to grant or deny a request to correct an error in a personnel record. Although final authority in all cases is retained by the Director General, the panel's recommendation is normally accepted as the final decision.
- III. Application for Corrections.** Application for correction of a record must be filed within three years after discovery of the alleged error. The Board will not consider any application before the applicant has exhausted all administrative remedies afforded by existing law or regulations.
- IV. Findings, Decisions, and Recommendations.** The Board will always make official written findings, decisions, and recommendations. A majority vote of the members constitutes the final Board action as long as the decision is to approve the request for correction. All Board members must agree to deny a request for correction.
- VI. Summary.** The Foreign Service Board for Correction of Personnel Records provides a simple and effective process to review administrative errors or omissions by an objective and impartial Board.

Promotion of Foreign Service Officers

I. Objectives of the Promotion Program. The fundamental purposes of the Foreign Service promotion program are to select Officers through a fair and competitive selection process that advances the best qualified Officers to positions of increased responsibility and authority and provide the necessary career incentives to attract and maintain high quality individuals.

II. Terms Explained

a. *Competitive Category.* A category of Officers who compete among themselves for promotion.

b. *Central Selection Board.* A board of Officers convened under the authority of the Secretary of State to consider Foreign Service Officers for promotion to the grades of 04, 03, 02, 01, and SFS.

c. *Promotion List.* A listing of all Officers approved for promotion within a competitive category to the grade of 04 or higher.

d. *Date of Promotion.* The date used as the primary means of indicating relative seniority among Officers of the same grade and to determine eligibility for consideration for promotion to the next higher grade.

e. *Failed Selection for Promotion.* Officers considered for promotion but not recommended.

f. *Average Time to Promotion.* The number of years of continued service completed by most Officers when promoted to a particular grade.

g. *Promotion Expectation.* The expected percentage of Officers in cohort groups who will be selected to the next higher grade.

III. Selection Board Procedures

a. *Appointment of Boards.* The Director General, in consultation with and upon the recommendation of the agency Director of Personnel, appoints and convenes central Selection Boards for all agencies.

b. *Composition of Boards.* Only senior Foreign Service Officers who have the experience and mature judgment to make accurate assessments on promotion potential are chosen to serve as Board members. In order to provide a balanced perspective, Board members should mirror the Officers eligible for consideration with respect to functional categories. One public member should also serve on each Board. Board members are required to take an oath affirming their intent to perform their duties in the best interest of the Foreign Service.

c. *Information Provided to Selection Boards.* Central selection boards are provided:

(1) The number of Officers in each competitive category to be considered.

(2) The maximum number of Officers the Board may recommend for promotion.

(3) A selection folder on each Officer being considered for promotion. Selection folders should contain at a minimum evaluation reports, copies of approved awards, and computerized Personnel Audit Reports.

(4) Management charge to the Selection Board: The management of each agency will charge its respective Board. This charge will include the number of individuals to be promoted and the skills and expertise required at the next higher level. For example, a State board, in considering how to award 60 promotions, might be instructed to consider the Service's need at the next grade for seven Officers with solid consular experience, ten Officers with economic expertise, of whom two should have served in the Middle East and one in Japan, etc. The Board would then review the backgrounds of the "most able" Officers it had previously identified as promotable and produce a list of only as many Officers as promotion opportunities are available with, to the greatest extent feasible, the mix of skills and experience for which there is need at the next grade. These Officers would then be promoted by seniority as vacancies occur.

d. *Whole Person Concept.* Board members should use the whole person concept to assess each eligible Officer's relative potential to serve in the next higher grade. Factors such as performance, leadership, breadth of experience, training and development accomplishments, job responsibility, professional competence, specific achievements, and education should be considered.

e. *Functions of the Board President.* The Board Chair, the senior member, is charged to monitor the Board's progress, conduct a quality review, and ensure a fair and equitable treatment of all selection folders.

f. *Report of Board Proceedings.* Each Selection Board submits a written report to the Director General through the agency Director of Personnel certifying that the Board carefully considered all records and that the Officers recommended for promotion are the best qualified.

g. *Approval of Board Proceedings.* The Director General sends Selection Board proceedings to the Secretary of State for final approval.

A Proposal for a Foreign Service Recruitment System

Background

The primary goal of any employment system is to locate and employ, as quickly as possible, highly qualified people to carry out the mission of the organization. The employment system must adhere to the Uniform Guidelines on Employee Selection Procedures. A validation process ensures that factors used to rank candidates do not have an adverse impact on the employment opportunities of any race, sex, or ethnic group.

Meeting the validation requirements of the Guidelines is not particularly difficult if, at the beginning of the recruitment process, the Department identifies in writing the major job requirements, and subsequently the knowledge, skills, and abilities (KSAs) required to perform in Foreign Service Officer positions. There must be a discernible relationship between the job requirements and the KSAs. The KSAs must also be reasonable for entry into the position. If this is done effectively, adverse impact is less likely to occur, and the required documentation needed to defend the Department in any EEO complaints will be available.

Procedures

The first step in any recruiting process is to solicit applications from a variety of sources. Since college graduates are prime candidates for foreign affairs agency positions, recruiting should be concentrated at colleges and universities. The general public must be given an opportunity to apply, and applications must be accepted from any minimally qualified candidate. The job announcement must specify minimum qualifications. Those meeting the qualifications must be offered the opportunity to take a shorter version of the written examination (primarily the general background and English expression segments of the existing test). The test must be validated against Foreign Service requirements to avoid any adverse impact problems, e.g., EEO complaints.

Candidates scoring highest will be required to submit an SF-171 Application for Federal Employment, a transcript, and any security forms that would be required if selected. (Early submission of security forms will decrease processing time if the candidate is later selected.) Also, an essay on a topic related to the Foreign Service Officer requirements may be required to be used as a tiebreaker.

Combine test scores with ratings on such other factors as:

Education. Candidates should be given varying amounts of points based on several factors, such as college GPA, college major, activities, and honors. This must be designed so that points awarded are demonstrated to be related to the Foreign Service Officer positions. For example, a political science degree gets five points, while a music degree gets one.

Work experience. Work experience relating to the knowledge, skills, and abilities required to perform the duties of the position may be given varying points. This area should not be too heavily weighted in the scoring process since employment opportunities for college students are often limited and vary greatly with location and economic circumstances. Persons out of college get more work experience. If experience is weighted too highly, those with experience will rank much higher than those just graduating from college.

At this point, using total scores, a cut-off score should be established based on an estimate of the number of applicants necessary to provide an adequate pool of candidates. These highly qualified candidates then progress to the interview.

Interview panels, composed of current State Department personnel and perhaps some members from outside the Department, will be established to interview all highly qualified candidates. (The panels should include women and minority group members.) Interview questions must meet the the same validity requirements as any other screening device, i.e., must relate to the requirements of the position. Assuming the interview will be used to further rank the candidates, answers must be scored on a predetermined, job-related scale. All panels must use the same questions and scoring to ensure consistency. Final ranking for selection may use the interview score alone, but adding it to the prior-ranking score may provide a better-balanced candidate.

A selection board of senior State Department employees will be established to select candidates. The board should include women and minority group members, if possible. The essay submitted with the application may be evaluated and used to break ties, if necessary.

APPENDIX VI
Functional Categories
(illustrative)

State

- Administrative Management
- Financial Management
- Personnel Management
- General Services
- Security
- Information Systems Management
- Political Affairs
- Political/Military Affairs
- Labor Affairs
- Science and Technology
- Narcotics Control

USIA

- Information
- Cultural Affairs
- Administration
- Librarian
- English Teaching
- Printing and Editorial

AID

- Program Analysis
- Administrative Management
- Agriculture/Rural Development
- Economics
- Food
- Urban and Community Development
- Private Enterprise
- Engineering/Science
- Health and Population
- Human Resources/Education/Training
- Community and Contract Management
- Controller